State of California

FY 2000-01
Annual Plan
of the
2000 - 2005
State Consolidated Plan

May 2000

Prepared by
the State of California Department of Housing
and Community Development
and submitted to the
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State of California
FY 2000/2001 Annual Plan
of the
2000 - 2005 State Consolidated Plan

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INTRODUCTION

Title I of the National Affordable Housing Act (NAHA) of 1990 established the requirement that states and local governments that apply for direct assistance under certain HUD programs have a Consolidated Plan that has been approved by HUD.

The federal requirements call for a five-year Consolidated Plan with annual updates. The Consolidated Plan is a comprehensive planning document that identifies the state's overall needs for affordable and supportive housing and outlines a strategy to address those needs. NAHA requires each state, in its Consolidated Plan, to describe its housing needs and market conditions, set out a five-year strategy that establishes priorities for meeting those needs, identify resources anticipated to be available for the provision of affordable and supportive housing, and establish a one-year investment plan that outlines the intended uses of resources. Pursuant to the federal requirements, the California Department of Housing and Community Development (HCD) is adopting a Consolidated Plan for California Program Years 2000/2001 to 2004/2005 for the State of California referred to as the 2000-2005 Plan. This document is the Annual Plan for California Program Year 2000/2001 (July 1, 2000 to June 30, 2001). The 2000-2005 Plan supercedes the State's 1995-2000 Plan

This Annual Plan includes an Annual Housing Plan, an Annual Non-Housing Community Development Plan, and the CDBG Statement of Uses. This Annual Housing Plan includes planned actions in Program Year 2000/2001 with regard to Public Policies, Institutional Structure, Low-Income Housing Tax Credits, Lead-Based Paint Hazard Reduction, Anti-Poverty Strategy, and Coordination. Certifications by the State of California that it will comply with federal statutes and HUD rules and regulations are also included.

A HUD-approved Consolidated Plan is required for the State government to receive federal funds under the federal programs listed below. These major formula grant programs are administered by the State of California and are therefore addressed most directly by this Annual Plan. This Annual Plan is submitted to HUD in application for funds for the following programs to be administered by the State of California in FY 2000/2001 in the following approximate amounts:

• Home Investment Partnerships Program (HOME)	$ 46,222,000
• Community Development Block Grant (State CDBG)	44,280,000
• Emergency Shelter Grants (ESG)	5,713,000
• Housing Opportunities for Persons with AIDS (HOPWA)	2,489,000
• Lead-based Paint Hazard Reduction Program	(continued funding)
	$98,704,000

In addition to the formula grant programs, the following programs are among other federal programs that require a Consolidated Plan that is certified by HUD that this Plan may be used for:

- ♦ Shelter Plus Care
- ♦ Sec. 8 Moderate Rehab of SRO
- ♦ Supportive Housing for the Elderly
- ♦ Supportive Housing for Persons with Disabilities
- ♦ Supportive Housing Program
- ♦ Low-Income Housing Preservation (202)
- ♦ Youthbuild
- ♦ HOPE 6
- ♦ Public Housing Agencies

To receive funding from HUD for any of the programs listed above, an applicant must include in its application a certification of consistency with a Consolidated Plan. Several other federal housing programs have Consolidated Plan-related requirements but do not require a certification of consistency with a Consolidated Plan. Governmental applicants for HUD's Lead-Based Paint Grant Program must have an approved Consolidated Plan. The John Heinz Neighborhood Development Program requires compliance with a jurisdiction's Consolidated Plan or community development plan submitted under section 104(m) of the Housing and Community Development Act of 1974. Section 515 of the Quality Housing and Work Responsibility Act of 1998 requires all Public Housing Agency to submit to HUD a five-year plan and an annual plan, the plans must have a certification by the applicable State or local jurisdiction for consistency with the Consolidated Plan.

The State Consolidated Plan is used in administering funds that the State of California receives. It is also used if there is no HUD-approved local Consolidated Plan and the program requires that funded projects conform to a Consolidated Plan. The rule is that a project seeking federal assistance must be in conformance with the Consolidated Plan of the local jurisdiction; if the jurisdiction does not have a local Consolidated Plan or is not covered by a County's Consolidated Plan, the jurisdiction would be covered under the State's Consolidated Plan.

SUMMARY OF DRAFT ANNUAL PLAN UPDATE PROCESS

The State Department of Housing and Community Development (HCD) has the lead role in preparing the Consolidated Plan and its annual update for the State of California. HCD solicits input from public, private, and nonprofit organizations, and other State agencies to prepare the Annual Plan in accordance with the Citizen Participation Plan of the Five-year plan.

HCD consulted with State agencies and other organizations in preparing the Draft Annual Plan, including direct solicitation of updated material during January - February 2000. Additionally, the staff that administers the federally funded programs covered by the Consolidated Plan consulted with interested parties in considering policies for their programs. These activities included use of advisory groups and holding a formal workshop with other agencies as well as survey and solicitations for consultation. Please refer to the Summary of the Consultation Process and Citizen Participation Plan in the 2000-2005 Consolidated Plan for additional details.

In order to elicit additional public input in the preparation of the Annual Plan, notices containing a description of the Annual Plan update and related amendments, inviting comments, and announcing public hearings were mailed directly to local governments and depository libraries, and placed on the Department's website. Notices were also published in newspapers to notify the public of the Annual Plan development process and how they could participate in it.

HUD requires states to hold a 30-day public review and comment period and at least two public hearings in advance of the preparation of an Annual Plan for public review. HCD noticed a 30-day public comment period, March 28 – April 26, and held three public hearings (in Tulare County on April 11, Upland on April 13 and in Sacramento on April 18) prior to submitting the Annual Plan for 2000/2001 to HUD. They were held in conjunction with hearings on the Draft Five-year update to the Consolidated Plan FY 2000-2005.

Copies of the Draft Annual Plan, and the 2000-2005 Consolidated Plan were available for review at HCD, on HCD's website, and were sent for public review to all county planning departments containing at least one non-entitlement jurisdiction and to the following public depository libraries:

California State Library, Government Publications (Sacramento)
California State University, Library-Government (Long Beach)
Public Library, Serials Division (Los Angeles)
Public Library, Science and Industry Department (San Diego)
Stanford University Libraries, Green Library, Government Docs
University of Cal., Shields Library, Government Documents (Davis)
University of Cal., Government Documents (San Diego/La Jolla)
California State University, Meriam Library (Chico)
Free Library, Government Publications (Fresno County)
Public Library (Oakland)
Public Library, Government Documents Department (SF)
University of California, Govm't Doc Library (Berkeley)
University of California, University Research Library (LA)
University of Cal., Library, Govm't Pubs (Santa Barbara)

I. ANNUAL HOUSING PLAN

A. HOUSING STRATEGY IMPLEMENTATION

The Annual Housing Plan section of the Consolidated Plan is required to include a one-year investment plan for the priorities established in the Five-Year Housing Strategy. The time period covered in this Annual Housing Plan is the first planning year of the Consolidated Plan, which is from July 1, 2000 to June 30, 2001. This period is called California Program Year 2000/2001.

It is the policy of the State of California, in conjunction with all of the objectives listed below, to promote full utilization of federal housing programs on behalf of low-income households. In furtherance of this policy, whenever a finding of consistency with the State Consolidated Plan is a funding requirement for a local area application for federal funds, the State endorses all California applications for federal housing funding which are consistent with State and federal law and the applicable federal requirements of affected programs. This policy applies regardless of whether the State of California is an applicant for the program or not.

Goals for households to be assisted appear in the "Estimated Units" column in Table 2. That table is located in the "Specific Objectives " portion of this Annual Housing Plan.

1. GEOGRAPHIC DISTRIBUTION

The eligible general geographic distributions of activities in Program Year 2000/2001 are the same as shown in the Geographic Distribution portion of the Five-Year Housing Strategy. Changes occur annually if jurisdictions join or withdraw from an urban county agreement or HOME consortium within a county. Eligible jurisdictions for the formula grant programs administered by the State are included in the Appendices of this Plan. The basis for this distribution is summarized below, and in the Appendices. Areas of minority concentration are identified during the application and annual reporting processes.

The State CDBG program eligible jurisdictions are cities and counties that do not receive direct funding from HUD as CDBG entitlement jurisdictions, the eligible jurisdictions are listed in the Appendix Eligible Jurisdictions, which are cities and counties whose local governments do not receive a direct entitlement from HUD as a participating jurisdiction, are not members of a HOME consortium, or a member of a urban county agreement in which HOME funds are distributed through the agreement. HOME also funds non-profit organizations called Community Housing Development Organizations (CHDOs), these organizations must be certified by HCD as meeting certain conditions as specified in the State HOME Regulations as well as in the HUD final rule in order to apply for

State HOME funds. State ESG and HOPWA funds are available for use throughout the State, except in the jurisdictions that receive formula allocations from HUD or which participate with urban counties that receive funds directly from HUD; there is no rural setaside. A list of eligible jurisdictions for the ESG program is included in Appendix 6. The Office of AIDS (OA) has dedicated State funds for the HOPWA Program. While the general HOPWA funding will be available to all eligible areas of the State, these funds will only be available to the jurisdictions with 100 or greater reported cases of AIDS (as reported to the DHS Office of AIDS Case Registry, effective 12/31 of the previous year). The OA will require that these funds be utilized only for projects in which long-term housing opportunities are being developed for people living with AIDS in these jurisdictions.

Low-Income Housing Tax Credits, for both the federal and State credits, are administered on a statewide basis. The Tax Credit Allocation Committee (TCAC) adopted regulations for this program in December 1997 which include geographic apportionment criteria intended to increase the degree of certainty that distribution of federal tax credits will correspond with distribution of housing need within the State (see Appendix 8 for detail information concerning the program).

2. SERVICE DELIVERY AND MANAGEMENT

Federal funds received by the State of California will be administered as follows:

- HCD's Division of Community Affairs will administer the State CDBG, HOME and ESG programs.
- The Department of Health Services (DHS), Office of AIDS, will administer the HOPWA program.
- TCAC will administer Low-Income Housing Tax Credits.
- The Department of Community Services and Development (CSD) will administer funds for the Lead-based Paint Hazard Prevention Program from the federal Departments of Health and Human Services (DHHS), Energy (DOE) and Housing and Urban Development (HUD), and the Environmental Protection Agency (EPA).

The methods of tracking the receipt, expenditure, and uses of program income (PI) are: 1) The Reuse/Recapture Plan which describes the activities that will be funded from program income revenues 2) The Annual Program Income Report which reports on the amount of program income received and expended for the year, and 3) the Annual Grantee Performance Report which summarizes accomplishments for each local

RLF capitalized from PI. Both the CDBG and HOME programs will continue to be administered in accordance with the provisions of State regulations, as well as those specified in the federal regulations. The State regulations for both programs are incorporated in the Consolidated Plan by reference; copies of the regulations for these programs are available upon request from program staff. Significant amendments to the HOME program regulations are in the planning stage, and are anticipated to be effective in Fall 2000, prior to the application deadline. HCD amends program regulations as necessary to accommodate continuous improvement in program administration. Any changes to program regulations during the course of the program year are subject to the State rule making process, which incorporates public notification and opportunity for public comment. Because of the length of the State rulemaking and scheduling process, recommendations for changes in program rules and procedures must be received well in advance of the program year to be considered.

HOME Program

The HOME Advisory Committee (composed of HOME eligible local governments and CHDOs) recently met on February 3, 2000 and also in May 1999. By policy, it has been established that for the future there will be at least two meetings annually between the State HOME staff and the Advisory Committee to ensure that there is ongoing dialogue between HCD and representatives of its HOME Program customer base.

The HOME Program is currently planning regulatory changes. Any changes in HOME regulations are required to follow the Administrative Procedure Act for rulemaking, and as well as the Citizen Participation Plan which is part of the Consolidated Plan, which details the process to amend the federal programs. This process includes a minimum of 45 days for draft regulations for public comment and review, as well as public hearings in various locations in the State. The proposed modifications to the HOME Program are summarized below.

- ♦ Provide for more equitable distribution of funds among eligible activities by having separate competitions among projects and among programs;
- ♦ Streamline rating and ranking of applications through elimination of the two-stage rating system;
- ♦ Improve the State's draw down rate by rewarding projects and programs that are the most feasible and which are ready to begin construction;
- ♦ Eliminate the model program; improve performance of HOME contractors by awarding points on how well contractors meet their deadlines, timeliness of contractors' required reports, and whether they provide the same number of units that they proposed in previous

applications;

- Add two new factors to the feasibility analysis to assist in comparing the financial feasibility when rating and ranking applications. These additional factors are Gap Analysis and Leverage, which is the percentage of non-HOME funding that has been committed;
- Address State priorities by including a 50 pt. priority bonus factor in rating applications;
- Level the playing field between rural applications and non-rural applications by reducing the points awarded for rural applications;
- Improve performance of HOME contractors by awarding points based on how well contractors meet their deadlines,
- Adopt underwriting requirements for loans made by State Recipients;
- Improve the CHDO certification process and ensure that certified CHDOs either have development expertise or are working towards attainment of development expertise and have provided service to their community for at least one year prior to certification;
- Eliminate loan guarantees as eligible use of funds.

HCD will also be considering ways to improve and streamline current requirements regarding the reporting of local program activities, the administration of financial transactions and loan servicing criteria.

The HOME Program has developed a standard set of loan underwriting and servicing guidelines to assist recipients of HOME grants to manage their existing portfolio of HOME-assisted units. These guidelines include such areas as single and multifamily underwriting, regulatory requirements, property tax, insurance, physical inspections, demands and payoffs, payments, program income, and subordination requests. The guidelines are contained in a document entitled "Best Quality Home Servicing Guidelines."

The State's HOME Program is intended for use with private commercial lenders or with governmental lending resources, with a requirement that there be a primary lender involved such as a first mortgage lender, rather than 100 percent financing with HOME funds. HCD has determined that the refinancing of existing debt is an ineligible use of State HOME funds.

The HOME Program requires recipients to provide a 25 percent match for all activities financed with HOME funds. However, there was a 100 percent match waiver for all funds expended between October 1, 1998 through September 30, 2000 for counties in California that were declared disaster areas by the President as a result of the severe freeze of December 1998, and a match wavier for all funds expended between October 1, 1998 through September 30, 2001 for counties which were declared disaster areas by the President as a result of the Summer and Fall fires of 1999. In the competitive application process for awarding HOME funds, applicants will be required to show how they will meet the federal requirements for matching funds by utilizing any combination of eligible State, local, and private resources. If available, State housing program funds may be used as match. State low-income housing tax credits, and Redevelopment Funds are also a source of match.

CDBG Program

The State is required to match two percent of federal funds received under the CDBG Program. The detailed policies and procedures that will be followed in distributing CDBG funds in Program Year 2000/2001 and are contained in CDBG Programs which is included as Appendix 10. The State objectives in funding during 2000-2001 are as follows:

- **Infrastructure Proposals --** Up to 25 points awarded for public works and new construction projects providing public infrastructure in support of housing;
- **Welfare-to-Work Proposals --** Up to 25 points for proposals which facilitate the welfare-to-work transition for CalWORKs recipients;
- **Farmworkers Health/Housing Proposals** – Up to 25 points for proposals which facilitate the development and/or operation of migrant or permanent housing for farmworkers or proposals which facilitate the provision of health services in combination with migrant or permanent farmworkers' housing.
- **Capacity Building --** 25 points for jurisdictions that applied in the previous year and were not funded or 35 points to applicants who applied at least two times in the last four years and who were not funded in the General Allocation in the last four years.

During the 2000/2001 program year, the HCD will initiate regulatory changes in the CDBG Program; HCD anticipates that the regulations will be adopted during the 2000/2001 program year after the program has received public comments on the proposed changes. If adopted, the substantive changes affecting application rating criteria and funding allocation procedures will not be implemented until the program's 2001/2002 program year. The planned regulatory changes are intended to: 1) modify application rating criteria and funding caps; 2) improve efficiency of program administration and, 3) clean-up existing language that conflicts with State or federal statute or federal regulations.

HCD continues to solicit input from the program's participants and interested parties on the following prospective regulatory changes to application rating factors and funding procedures, which are subject to modification prior to or, during the regulatory process:

- In the General Allocation and Economic Development Allocation's Enterprise Fund component, change the Poverty Rate criterion to reflect percentage of population below the poverty level and numbers of persons in poverty. This change will provide an equitable remedy to the current factors that measures only the comparative percentage of persons in poverty without giving any weight to actual numbers of persons in poverty within the applicant jurisdictions.

- In the General Allocation and Economic Development Allocation's Planning and Technical Assistance components, change the application submittal and funding process from an "over-the-counter" process to a process where applications will be submitted on a specific date or dates for program review and funding. This change will improve the administrative efficiency of the program and insure that funds not used under this component can be redirected more quickly.
- In the General Allocation, allow full points under the targeted income group benefit criterion for projects that serve at least 90 percent targeted income group. This change will make projects that are meeting important local community development needs more competitive while still insuring a high level of benefit to members of the program's Targeted Income Group.
- In the Economic Development Allocation's Enterprise Fund component, eliminate the factor that measures the extent to which a proposed program complements a local or regional economic development strategy and substitute a criterion that awards points for programs that will further State objectives. For example, a proposed micro-enterprise assistance activity may further a State objective of using CDBG funds to support a welfare-to-work program.
- In the Economic Development Allocation's Enterprise Fund component, implement a funding cap based on the population of the jurisdiction. For example, jurisdictions of less than 5,000 would be limited to a maximum of $300,000 of funding under the Enterprise Fund component.
- In the Economic Development Allocation's Enterprise Fund component, implement an every-other-year funding policy. Jurisdictions that have been funded in a given year would not be eligible to receive funding in the subsequent program year.
- In the Economic Development Allocation's Over-the-Counter funding component, eliminate the factor measuring the percent of grant funds allocated to General Administrative costs and substitute a factor that measures the extent to which the project is "ready-to-go". For example, a project that has all of its other funding committed would receive more points under this factor than a project that has not yet received the needed funding commitments from sources of funds other than CDBG.

HCD will monitor and make information available on any proposed legislation that may affect the State CDBG program.

Timing of Allocation of Funds – Application Process

Program	NOFA	Workshops	Deadline	Awards	Contracts
CDBG	12/23/99	01/10-20/00	04/14/00	07/01/00	09/01/00
ESG	03/01/00	03/14-23/00	04/28/00	08/00	09/01/00
HOME	09/00	09/00-10/00	11/00	01/01	03/01
HOPWA	03/08/00	none	04/28/00	05/31/00	07/01/00
Over-the-Counter	04/07/00				

3. OBJECTIVES

OBJECTIVE 1: Meet the housing needs of low-income renter households, including providing homeownership opportunities for first-time homebuyers.

Activities and Programs: The State expects to receive and use HUD funds in California Program Year 2000/2001 under the HOME, CDBG, and HOPWA programs to support Objective 1.

The ongoing activities and programs of the State CDBG and HOME programs in support of Objective 1 have been described under Objective 1 in the Five-Year Housing Strategy. Those activities and programs are summarized below.

The Consolidated Plan provides for funding major and moderate housing rehabilitation, minor repairs, acquisition, acquisition with rehabilitation, and new construction of both rental and ownership housing. The Plan promotes a suitable neighborhood environment for meeting renters' needs by providing support for infrastructure, including a water supply and sanitary facilities. CDBG funds can be used in support of new construction by funding infrastructure costs, such as sewer and water improvements, and land purchase.

During the FY 2000/2001 program year, each of the federally funded programs will reflect all of the features of the Five-Year Housing Strategy for use of the program, including leveraging policies and methods for meeting matching funds requirements. The level of activity will be determined by the amount of funds available under each program. CDBG and HOME funds will be used to support the development of new rental and ownership housing for all types and sizes of low-income households.

Proposed amendment of the HOME program regulations are intended to improve the ability of rental housing projects to compete more effectively with programs. HOME program staff anticipates that this amendment will result in a greater number of rental housing units constructed through use of HOME funds.

HOME, CDBG, and DOE funds will be made available to support the preservation of existing rental housing and neighborhoods. Housing rehabilitation and repair and community or neighborhood revitalization are goals under all of these programs.

HOPWA funds are used to assist renters who are at risk of homelessness through the provision of short-term emergency rental and utility payment assistance. The Office of AIDS, in an effort to promote the development of permanent rental housing for people living with AIDS, is also requiring that 10 percent of the HOPWA funding in jurisdictions containing 100+ reported cases of AIDS be earmarked for the development of permanent rental housing units for people living with AIDS.

As provided in the Consolidated Plan, to promote effective use of federal funds, the State will work closely with HUD, USDA Rural Development, and other federal agencies that fund housing and housing-related activities in California.

Federal resources that the State plans to use in support of this objective include CDBG, HOME, HOPWA, DOE funds, and Low-Income Housing Tax Credits. Applicants in most programs will compete for funds based on the need level of the community and effectiveness in addressing local needs. In the CDBG and HOME programs, applications to meet both renter and owner needs will compete in a common pool, and individual applications can apply for funds for use in both owner and renter programs, as well as for assistance for the homeless and supportive services to the extent those are eligible activities under federal law.

OBJECTIVE 2: Meet the housing needs of low-income homeowner households.

Activities and Programs: The activities and programs in support of this objective will be the same as those shown under Objective 2 in the Five-Year Housing Strategy of the Consolidated Plan, including leveraging policies and methods for meeting matching funds requirements.

The State expects to receive and use HUD funds in California Program Year 2000/2001 under the HOME and State CDBG Programs to support Objective 2. The activities and programs of the State CDBG and HOME Programs in support of Objective 2 have been described under Objective 2 in the Five-Year Housing Strategy. Those activities and programs are summarized below.

HOME and CDBG funds will be used for rehabilitation of both owner and rental housing.

To comply with the federal requirements regarding homeownership, all homebuyer loans include a resale restriction, which will apply only if the residence is sold prior to the expiration of the required term of affordability. This requirement takes the form of a deed restriction or other agreement recorded against the title on homebuyers' properties.

HCD has established uniform terms for its direct first-time homebuyer HOME loans through CHDO grantees. State recipients are given the flexibility to assist first-time homebuyers, through their HOME grants, in any way which conforms with 24 CFR 92.254, all assistance to a project shall be in the form of loans. Forms of assistance other than loans shall not be approved unless the State recipient or CHDO demonstrates to the Department’s satisfaction that the project would not be financially feasible using a loan. (State HOME Regulations 8205(b)(1). HCD’s proposed regulatory changes to the HOME program would affect the terms of the loans as follows:

- HCD's HOME loans will accrue interest at three percent per year for the first ten years; and, beginning with the eleventh year, interest will be forgiven at the rate of ten percent of the accrued interest per year until all of the interest is forgiven. All payments are deferred and payment of principal and any accrued interest is due on sale or transfer. For self-help programs, the borrower's sweat equity is protected, if applicable, by forgiveness of amounts owed, pro rata, based on the time the borrower has occupied the property measured against the term of affordability.

- Assumption of a State HOME loan will be allowed only in cases where local governments are making loans requiring resale to low-income households.

- A prospective regulatory amendment will require State Recipients to impose certain underwriting criteria: income to PITI ratio must be within the range of 29-35 percent, but can go up to 40 percent utilizing compensating factors, and can be lower than 29 percent for Rural Development funded loans if needed to comply with Rural Development (RD) requirements. Total debt ratio cannot exceed 41 percent. The maximum HOME loan term is the term of the primary mortgage, but may not exceed 30 years unless it is an RD loan, in which case it may be as long as the RD loan. The minimum HOME loan is $1,000 per unit, except for loans providing only closing costs for first-time homebuyers. (regulation changes propose a limit of $5,000 a unit). The proposed regulatory change intends to add language to eliminate the possibility of HOME assistance being provided to homebuyers in the form of a grant.

Funds from DOE, DHHS, HUD's Lead Hazard Control Program and EPA will be used to fund weatherization, home repairs, energy assistance and lead hazard reduction services for low-income households targeted by Objective 1 and Objective 2. These activities will help to improve the living conditions of those households occupying substandard housing and to relieve high energy cost burdens.

The reuse of historic properties through the Historic Building Code, federal funds, and the Historic Tax Credit are also viable means to promote an adequate supply of housing, particularly in rural areas.

OBJECTIVE 3: Meet the housing and supportive housing and accessibility needs of the homeless and other special needs groups, including prevention of homelessness.

Activities and Programs: The activities and programs in support of this objective will be the same as those shown in the five-year strategy for this objective, including leveraging policies and methods for meeting matching funds requirements. HUD funds which the State expects to use to improve housing conditions for special needs groups and homeless persons include the ESG and HOPWA Programs in particular.

HOPWA funds are primarily utilized to provide rental subsidies and utility payment assistance to people living with HIV/AIDS who are homeless or at risk of homelessness. Additionally, HOPWA funds provide ongoing supportive services that allow these persons to continue to live independently. HOPWA funds are also utilized to promote the development of affordable rental housing for persons living with HIV/AIDS, to include the development of transitional facilities as well as permanent, long term units for independent living. The DHS Office of

AIDS provides State and HOPWA funding and technical assistance in the eleven counties that receive state-administered HOPWA funding that have reported the highest number of cases of AIDS. The method for distribution of HOPWA funds is described in Appendix 8.

The Office of AIDS has identified the post-incarcerated population with HIV/AIDS as a population in great need of stable and affordable housing. Upon release from a correctional institution to the county of arrest, the HIV+ person is faced with myriad issues, which include the immediate need for supportive services and medications. The provision of affordable housing is integral to the successful transition from the correctional setting, and reduces the rate of recidivism among this population. The Office of AIDS is actively pursuing additional resources to help address the ongoing need for stable, affordable housing for the post-incarcerated population with HIV/AIDS and will openly distribute these funds to eligible applicants, per the terms and conditions of the funding agency.

The extent to which the HOME and State CDBG programs will be used to serve the homeless will depend on the content of the applications received. Currently funded McKinney Act programs, originally funded under the Permanent Housing for the Handicapped Homeless (PHH) program, will be transferred to HUD oversight when they receive Supportive Housing Program renewals.

An important part of promoting suitable living conditions for those with special needs is the provision of appropriate supportive services. As described in the Supportive Services section of the Consolidated Plan, California has an extensive ongoing system of social services that provides institutional care, client-based community or residential services, and housing-based supportive services. The State will continue its efforts to assist homeless persons by funding the activities of service and housing providers to promote self-sufficiency and provide transitional and permanent housing. Key elements of the 2000/2001 program include: continuing the elimination of 30 percent limit for Essential Services (subject to HUD approval), and extension of homeless prevention expenditure deadline from 6 to 12 months (subject to HUD approval).

HCD received a HUD waiver to transition from its prior 24-month maximum contract period for ESG contracts. The contract period, which has run from June - May, would instead run approximately October - September following the transition period. To accommodate this transition, 28-month contracts are in effect for the funding cycles. HCD will complete the conversion process in September of 2001 when the current two-year contracts terminate.

The Health and Welfare Agency is responsible for overall coordination of homeless activities in State government. The State Department of Social

Services operates the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. Chapter 307, Statutes of 1995 (Assembly Bill 908) enacted new provisions which limit homeless assistance to once-in-a-lifetime with certain exceptions. The regulations implementing the new provisions went into effect on January 1, 1996. Once-in-a-lifetime homeless assistance includes temporary shelter and/or permanent housing. If a family had ever received temporary shelter and/or permanent housing payments in the past, they are not eligible for homeless assistance again unless the reason for the homelessness is any one of the following:

- Domestic violence by a spouse, partner, or roommate; or
- Non-inhabitability of the former residence caused by sudden and unusual circumstances beyond the applicant/recipient's control, which includes, but is not limited to, fire, natural catastrophe, or condemnation; or
- A medically verified physical and mental illness, excluding alcoholism, drug addiction or psychological stress.

These exceptions are limited to one in 12 months.

An exception also applies whenever a state- or federally-declared natural disaster is the direct and primary cause of the homelessness. Payments for temporary shelter are limited to 16 consecutive days. To receive reimbursement for expenses incurred for temporary shelter, the family must provide verification of both shelter expenditures and that they have been searching for permanent housing within the 16-day period. For temporary shelter costs to be paid by the homeless assistance program, the family must stay in a commercial establishment, shelter, publicly funded transitional housing, or in a place of business that has a history of renting properties.

Priorities among the eligible uses of ESG funds are reassessed periodically. Applicants in Program Year 2000/2001 for ESG funds may apply on a competitive basis for funding for emergency shelter and transitional housing for homeless individuals and homeless families, to prevent individuals and families from becoming homeless, and to help homeless persons make the transition to permanent housing and independent living, including funding of supportive services for those who need such services to achieve and maintain independent living. In addition, applicants will be able to apply for a stand-alone homeless prevention program (separate from an emergency shelter).

California has received formula grants under the McKinney Projects for Assistance in Transition from Homelessness (PATH) program that is administered by the Department of Mental Health. Each participating county is required annually to develop a service plan and budget. Eligible uses of the funds include housing services and supportive services in residential settings.

The Department of Developmental Services (DDS) established an Affordable Housing Work Group, which has become a freestanding housing advocacy organization called “the California Affordable Housing Coalition for Persons with

Developmental Disabilities”. The Coalition’s primary purpose is to support local, state, and national legislation and policies that promote the development of affordable housing for consumers receiving services from DDS. Staff members from DDS attend meetings of the Coalition and offer support when appropriate. DDS sponsors training programs on affordable housing issues and maintains a web page addressing a variety of housing issues.

Prevention of Homelessness

Few State programs are explicitly directed at prevention of homelessness as their primary purpose. However, many State programs are important in preventing homelessness. These include activities which assist with housing costs, the requirement for discharge plans for release from institutions, the client-directed case management system designed to support the severely mentally ill in their residences, the total package of services for the developmentally disabled, and all income maintenance programs.

The HOPWA Program provides rental, utility and mortgage assistance to persons living with HIV/AIDS who are at risk of homelessness. This assistance, when coupled with HOPWA-funded supportive services, has allowed these residents to remain in their homes. The prevention of homelessness is an essential component of the HOPWA Program, particularly with the advent of life prolonging medications with rigorous protocols that are better served by stability in the person’s living situation.

Additionally, programs such as ESG and EHAP, which assist with utility payments or reduce utility costs, are important in preventing evictions that can result in homelessness.

Continuum of Care

Local Continuum of Care Plans (C of C) is required for qualifying for McKinney Act homeless funds. Local governments prepare this C of C Plans; the State does not prepare a C of C Plan.

4. SPECIFIC OBJECTIVES

The State's HOPWA program is administered on a formula grant basis, with the exception of 10 percent of funding for certain jurisdictions setaside for long-term housing on a competitive basis. The State's CDBG, HOME and ESG programs are administered on a competitive basis. The CDBG, HOME, ESG, and HOPWA programs encompass a wide variety of eligible activities, including both direct and indirect assistance to households.

Table 2 contains household type priorities, estimated units to be funded. The figures in the estimated units column represent rough projections, but are subject to significant variability. However, actual numbers of households assisted in the various categories will be determined by the content of the applications received and the ratings they are assigned using the applicable regulations and other rating procedures. The estimates in Table 2 are not used in the rating process, nor in connection with any planned actions in the Consolidated Plan.

Priorities. In accordance with the reasons stated in the "Summary of Housing Strategy" portion of the Five-Year Housing Strategy, all categories of households and all housing assistance categories in Table 2 are considered high priority. HUD defines high priority as: "Activities to address this need will be funded during the five-year period." All of these categories are of high priority in most jurisdictions, and all are expected to be funded.

Table 1
Homeless and Special Needs Population

		Estimated Need	Current Inventory	Unmet Need/Gap
		Individuals		
Beds/Units				
	Emergency Shelter	1,184	570	1,324
	Transitional Housing	1,312	573	739
	Permanent Housing	4,669	526	4,143
	Total	7,879	1,669	6,206
Estimated Supported Services Slots	Job Training	2,591	707	1,884
	Case Management	2,185	816	1,369
	Substance Abuse Treatment	1,593	398	1,195
	Mental Health Care	1,548	431	1,117
	Housing Placement	1,893	479	1,414
	Life Skills Training	1,986	721	1,265
	Other	760	237	523
Estimated Sub-populations	Chronic Substance Abusers	1,020	219	801
	Seriously Mentally Ill	1,474	235	1,239
	Dually – Diagnosed	1,197	139	1,058
	Veterans	325	170	155
	Persons with HIV/AIDS	187	56	131
	Victims of Domestic Violence	539	143	396
	Youth	676	113	563
	Other	8	6	2
		Persons in Families with Children		
Beds/Units				
	Emergency Shelter	1,223	499	724
	Transitional Housing	1,878	806	1,072
	Permanent Housing	1,957	776	1,181
	Total	5,058	2,081	2,977
Estimated Supported Services Slots	Job Training	1,658	742	916
	Case Management	2,191	1,121	1,070
	Substance Abuse Treatment	1,043	440	603
	Mental Health Care	861	374	487
	Housing Placement	2,178	890	1,288
	Life Skills Training	2,125	1,067	1,058
	Other	643	283	360
Estimated Sub-population	Chronic Substance Abusers	820	379	441
	Seriously Mentally Ill	138	62	76
	Dually – Diagnosed	294	138	156
	Veterans	40	32	8
	Persons with HIV/AIDS	57	75	27
	Victims of Domestic Violence	1,083	724	359

	Youth	665	408	257
	Other			

* These are based on reporting from counties.

Table 2
Priority Needs Summary Table
2000 – 2001

PRIORITY HOUSING NEEDS (households)			Priority Need Level High, Medium, Low		Goals
Renter	Small Related	0-30%	High		640
		31-50%	"		940
		51-80%	"		88
	Large Related	0-30%	"		65
		31-50%	"		95
		51-80%	"		89
	Elderly	0-30%	"		90
		31-50%	"		132
		51-80%	"		124
	All Other	0-30%	"		18
		31-50%	"		274
		51-80%	"		25
Owner		0-30%	"		197
		31-50%	"		502
		51-80%	"		751
Special Populations		0-80%	"		47
Total Goals					2,360
Total 215 Goals					1,227

B. OTHER ACTIONS

1. PUBLIC POLICIES

The actions to address public policies affecting the provision of affordable housing in California, which are described in the Five-Year Housing Strategy of the Consolidated Plan, will continue to be undertaken during the 2000/2001-program year. Those actions involve State administrative actions to promote the development of new housing, to preserve existing housing and neighborhoods, and to reduce housing costs. Ongoing State action also includes evaluation of the effectiveness of current laws and recommendations for changes in those laws.

2. FAIR HOUSING

The actions to overcome impediments to fair housing, as identified in the State's 1996 report, Furthering Fair Housing, will continue to be undertaken during 2000/2001 planning period. The following is the schedule of actions the State will undertake to address impediments to fair housing. Each action step includes the party responsible for enforcement, a time frame, and the impediment addressed.

As the lead agency for administration of HUD's formula block grants, HCD's major role is coordination, outreach and oversight of fair housing activities by local governments and grantees. The Dept. of Fair Employment and Housing (DFEH) is the States lead agency on fair housing outreach and enforcement across agencies and governments.

The Department of Health Services, Office of AIDS, in administering the HOPWA Program, facilitates adherence to federal fair housing requirements. Technical assistance, through the provision of training and written manuals, is provided to community-based organizations and county health departments that administer the HOPWA funds locally. Additionally, the Office of AIDS monitors for compliance with fair housing requirements.

The HOPWA Program and other HIV/AIDS-specific medical and supportive service programs, were initially an outgrowth of rampant discrimination against people with HIV/AIDS, and are viewed as programs that help to remove the impediment of discrimination. A person's rights under federal fair housing laws are provided locally through the HOPWA Program under the Housing Information category, which includes housing counseling and referral services, as well as fair housing counseling for eligible persons who may encounter discrimination.

a. Enforce State and federal fair housing laws (Impediment #1).

   1. Responsible Party - California Department of Fair Employment and Housing
   2. Time Frame – Ongoing

b. Publish and disseminate fair housing educational materials (Impediment #1).

   HCD will provide printed information at all participatory conferences and will provide, in coordination with DFEH, education on fair housing issues at all HCD sponsored training workshops.

   1. Responsible Parties - California Department of Fair Employment and Housing and HCD.
   2. Time Frame – Ongoing (workshops – see table#)

c. Monitor, promote and increase technical assistance to local jurisdictions participating in federally funded programs (Impediments #1, #2 and #4).

   1. Responsible Party – HCD's CDBG, HOME, and FESG programs
   2. Time Frame – Ongoing, during the annual cycle of each programs grant management workshops (please see table #)

d. Increase cooperation among State fair housing enforcement agencies (Impediments #1-#4).

   Convene an annual meeting of State agencies to discuss opportunities for increased cooperation and coordination.

   1. Responsible Party – HCD
   2. Time Frame - September 2000

e. Promote equal access to homeowners' insurance (Impediment #3)

   HCD will consult with the Department of Insurance to evaluate the extent of the problem in rural areas.

   1. Responsible Party – California Department of Insurance
   2. Time Frame - September 2000

f. Encourage city and county planning departments to implement land use policies which encourage fair housing and the construction of affordable housing through the administration of State housing element law (Impediments #1 - #4).

   Continue administering State housing element law.

   1. Responsible Party - HCD
   2. Time Frame -- Ongoing administration. The 2000-2001-program year involves jurisdictions within the SCAG and ABAG regions.

g. Provide technical assistance on State planning laws promoting siting of and zoning for a variety of housing types including multifamily housing, emergency shelters, residential care facilities, and accessible housing.

   1. Responsible Party - HCD
   2. Time Frame - Outreach campaign during October 2000

h. Promote the development of handicapped accessible housing through the administration of Title 24 (Impediment #1).

   1. Responsible Parties - HCD; California State Office of Architecture; and California Department of Rehabilitation
   2. Time Frame - Ongoing

i. Collect and disseminate information on resources to combat NIMBY; regulatory barriers and other land use impediments to fair housing. (Impediments #1-#4).

   1. Responsible Party – HCD
   2. Time Frame – Ongoing

j. The CDBG program will consider adding fair housing activities as one of the State objectives qualifying applications for bonus points. This activity will be applicable to FY 2001-2002 applications.

   1. Responsible Party - HCD
   2. Time Frame – Fall 2000

k. Require all Real Estate agents renewing their licenses to complete a three-hour course in fair housing (Impediment #1).

   1. Responsible Party - California Department of Real Estate
   2. Time Frame - Ongoing

l. Continue to promote affordable/accessible housing development (Impediment #2)

   1. Responsible Parties HCD, California Housing Finance Agency, Tax Credit Allocation Committee
   2. Time Frame – Ongoing

m. Require Local_Jurisdictions and CHDOs who are funded under the HOME program to adopt affirmative marketing procedures.

   1. Responsible Party – HCD
   2. Time Frame – March 2001

3. Develop a Lead-Based Paint Action Plan

HCD will develop action plan to implement the new lead-based paint regulations. Points of actions are described below, a table detailing the timeframe and appropriate staff for the action plan has been developed and is listed below:

- ♦ Have all key staff for each of the affected programs briefed on the new lead-based paint regulations
- ♦ Identify a point contact on lead-based paint matters at each point organization

Lead-based Paint Action Plan		
1. What actions need to be taken in the next 30 days		
Action	**Staff and Others Involved**	**Completion Date**
1. Response from HUD regarding definitions, e.g. – “commitment of funds”	Tom Bettencourt Bill Andrews	ASAP
2. Conduct training for HOME grantees as part of HOME workshop, a. Conduct training for ESG as part of ESD workshop	Nancy Carroll Ken Peterson	6/00
3. Develop scope of work for additional training contract	Nancy Carroll Susan Levenson Sharon Fleury Ken Peterson	7/00
4. CDBG preliminary notification given at CDBG biannual conference	Sharon Fleury	7/00
2. What actions need to be taken in the next 60 days		
1. Final contract for additional training	Nancy Carroll Susan Levenson Ken Peterson	8/00
2. Develop monitoring check list for HOME, CDBG & ESG	Nancy Carroll Ken Peterson	8/00
3. CDBG – Revise Procedure Manual. Issue management memo, notify grantees of registration and workshop	Sharon Fleury	9/00
3. What actions need to be taken in the next 6 months		
1. Conduct training workshop	Susan Levenson	9/00
2. Additional HCD staff to attend HUD LBP workshop (HOME, CDBG, ESG)	Unknown	Unknown
3. Develop information package for Grantees	Susan Levenson Nancy Carroll Sharon Fleury Ken Peterson	10/00
4. Provide program specific training CDBG – conduct grant management training, and grant management workshop	Sharon Fleury	10/00

4. INSTITUTIONAL STRUCTURE

As described in the Five-Year Housing Strategy, Health and Welfare Agencies are implementing the many changes in the welfare structure. The goal of this effort will be to minimize fragmentation, ensure that programmatic goals and policies are consistent, and encourage the most efficient delivery of services possible.

The State has implemented a collaborative effort to involve several departments in the expansion of supportive services for a broad range of individuals in need of such services (seniors, mentally ill, youth aging out of foster care, and disabled). As part of recent legislation the Supportive Housing Council has been established with Department of Mental Health (DMH) as the lead agency. Participants include HCD, Social Services, Employment Development Department, Aging, Rehabilitation California Housing Finance Agency, Developmental Services and a variety of outside support persons such as representatives from the Corporation for Supportive Housing. The Council will oversee the first rounds of the allocation of funds for supportive housing and make recommendations to the Governor and Legislative for further expansion of the area.

HCD has been working on the subcommittee with DMH that is reviewing the application for the first cycle of funding ($1,000,000) and planning for the next cycle that is projected at $10 million. This effort brings together a wide range of state resources and levels of expertise. DMH has been representing the HCD perspective with a focus on housing and development. The advocates of the mental health and homeless have proposed a $50 million budget augmentation in this area with $25 million to DMH and $25 million to EHAP.

5. LOW-INCOME HOUSING TAX CREDITS

The features of the federal and State Low-Income Housing Tax Credit programs are detailed in Appendix 3. State agencies must each design and implement a Qualified Action Plan that established priorities for allocating the credit based on state and local needs.

6. PUBLIC HOUSING RESIDENT INITIATIVES

The State of California does not own or operate public housing; public housing is administered directly through local Public Housing Agencies (PHA). Therefore, the State has no involvement with public housing residents. For those jurisdiction's that do not have a PHA, HCD has a Housing Assistance Program (HAP) that administers the Section 8 program in those counties. HCD acts as the Public Housing Agency (PHA) for this purpose, for twelve rural counties that do not have a housing agency. The counties are listed below:

Alpine	Amador	Calaveras	Colusa	Glenn	Inyo
Modoc	Mono	Sierra	Siskiyou	Trinity	Tuolumne

Section 515 of the Quality Housing and Work Responsibility Act of 1998 requires all Public Housing Agencies to submit to HUD a five-year plan and an annual plan, the plans must have a certification by the applicable State or local jurisdiction for consistency with the appropriate Consolidated plan. The Five-year Plan addresses long-range goals and objectives for achieving the mission of providing affordable housing to extremely low- and very low-income families. The Annual Plan provides details regarding immediate operations, program participants, programs and services, and strategies for handling operation concerns, participants' concerns and needs, programs and services for the upcoming fiscal year.

7. LEAD-BASED PAINT HAZARD REDUCTION

Lead Hazard Control Program

The three state agencies that have responsibility for implementing lead hazard control efforts in California are as follows:

CSD's Lead Hazard Control Program is implementing a pilot project to layer the weatherization programs [Low-Income Home Energy Assistance Program (LIHEAP), Department of Energy (DOE) and Weatherization and Energy Efficient Rehabilitation (WEER)] with the Lead Hazard Control Program. Seven CBOs will implement this program in 12-targeted counties. Units to be weatherized that are pre-1950 and occupied by a child under the age of six will be targeted. Units that are occupied by an EBL child are also eligible. Through this grant, 500 units will be made lead-safe. CSD will also provide lead awareness training (including 24 CFR Part 35) to local housing officials in the 12 counties. And, CSD will develop a Lead Installation Standards Manual and a lead-safe weatherization training video.

- HCD's federal programs (CDBG, HOME and ESG) have begun to review their regulations, manuals, contracts, and other documents for compliance with the new regulations, "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance" (Title 24 of the Code of Federal Regulations as Part 35). CSD's Lead Hazard Control Program has provided some technical assistance to HCD's federal programs in this regard. CSD and HCD are researching an Interagency Agreement whereby CSD would provide training and technical assistance to HCD's federal programs' staff and grantees on the administrative and direct implementation of the new regulations. CSD will also encourage and facilitate the attendance of HCD's staff and grantees at HUD and other training on lead hazard control.

- DHS continues to accredit trainers, approve training courses, certify lead-related construction workers, and govern lead hazard control activities through the implement of the Lead-Related Construction work practice Standards and Accreditation and Certification Program.

<u>Funding Sources</u>

The three state agencies with responsibility to implement California's lead hazard control efforts will fund those efforts as follows:

- CSD has been awarded a two and a half-year grant from HUD for $4 million. CSD will utilize this Round VII grant to implement a pilot project to layer the weatherization and Lead Hazard Control programs and funds in twelve counties, as outlined above.

- HCD will allocate federal administrative funding toward lead hazard control activities.

- DHS receives $250,000 to $400,000 annually from EPA to implement effective compliance and enforcement of the Lead-Related Construction Program. DHS also develops and distributes outreach and education materials with this funding. DHS receives $600,000 (fee-supported General Fund) for the implementation of the program.

<u>Lead Hazard Control Strategy</u>

Actions to abate lead-based paint hazards in the operation of state housing programs include the following:

CSD will implement the HUD-funded Round VII grant as outlined above.

CSD will monitor the performance of its network of agencies that provide weatherization services to assure compliance with the lead-safe work practices as outlined in CSD's Weatherization Installation Standards manual.

Through an Interagency Agreement, CSD will provide training and technical assistance to HCD's federal programs' staff and grantees to assure the administration and provision of HCD's federal loan and grant programs (CDBG, HOME and ESG) comply with 24 CFR Part 35 et al. CSD will also encourage and facilitate HCD's staff and grantees attendance at HUD and other lead hazard control training.

In awarding funds to rehabilitate housing, HCD and California Housing Finance Agency (CHFA) require the identification and mitigation of lead-based paint hazards. CSD will partner with the California Conservation Corps (CCC) to control lead hazards in CSD's housing related projects.

DHS will continue to implement Title 17 to govern accreditation and certification of the lead hazard control industry and lead hazard control work.

C. ANTI-POVERTY STRATEGY

Based on the three-year average of State Poverty rate for years 1996-1998, determined by the U.S. Census Bureau, shows California has the 10th highest poverty rate of all states including District of Colombia. This information shows that 16.3 percent of the population in California lives below the poverty line, higher than the national average of 15%. The percentage of Californians living at this level has continued to dramatically increase each year. Household types most affected by poverty include: Female head of household, children, ethnic groups, and the elderly. (The census data reveals that 25.4 percentage of children live in poverty).

The State has established several goals to reduce poverty among its population:

- Provide a range of services and activities through its federal and State programs that have a measurable impact on conditions of poverty
- Provide activities through its programs and services to assist low-income participants, including the elderly poor, to secure and retain employment, gain an adequate education, obtain and maintain adequate housing, obtain emergency assistance to meet immediate and urgent individual and family needs, including health services, housing and employment; and remove obstacles blocking the achievement of self-sufficiency. Support the youth aging out of foster care programs as well as the economic factors of employment opportunities through the EDBG programs
- To coordinate and collaborate linkages between governmental and other social service programs to assure the effective delivery of such services to low-income individuals
- Encourage the private sector to become involved in efforts to alleviate poverty

Several State departments administer programs that directly respond to the needs of those individuals/families in poverty. These programs are continually assessed to determine their effectiveness and appropriateness in meeting the needs and providing the resources they need to break the cycle of poverty. The goal of these programs is the acquisition of skills, knowledge and motivation necessary for California's poor to become self-sufficient. To meet the needs of the low-income population, HCD continues to target funding priorities and objectives through its various service programs.

1. ECONOMIC DEVELOPMENT AND EMPLOYMENT PROGRAMS

CalWORKS Program

In 1996, Congress enacted the Personal Responsibility and Work Opportunity Act that established the Temporary Assistance to Needy Families (TANF) program. The federal bill provides funding to the states through a block grant, which allows the states substantial flexibility in designing and administering their programs.

As a result, California established the CalWORKs program, which provides eligible families with cash aid and services. The program serves all 58 counties in the State and is operated locally by county welfare departments.

The CalWORKs Welfare-to-Work program is designed to encourage self-sufficiency and personal responsibility. CalWORKs requires adult recipients to participate in welfare-to-work activities designed to assist them to obtain or prepare for employment. Unless exempt, participants must meet specific participation requirements. Supportive services such as childcare and transportation are provided to assist individuals participate in their required program activities or accept work. Mental health, substance abuse, and domestic abuse services are also provided if these issues interfere with the individual's ability to participate in welfare to work activities and obtain or retain employment. Counties have the option to provide or assist recipients in obtaining ob retention services, which may include assistance with housing.

Economic Development Programs

The Trade and Commerce Agency administers four types of economic development areas: 39 Enterprise Zones, two Manufacturing Enhancement Areas, one Targeted Tax Area, and Local Area Military Base Recovery Areas. Each of these programs is designed to stimulate development in selected economically depressed areas. Special State and local incentives (i.e., various types of State tax credits, reduction or elimination of local permit and construction-related fees, etc.) encourage business investment and promote the creation of new jobs.

Companies conducting business in an economic development area can earn a substantial credit against their California Franchise Tax by hiring from specific groups. Target groups include individuals who live in specific low-income areas or who have barriers to employment such as those who are eligible for the Job Training Partnership Act (JTPA), Work Opportunity Tax Credit (WOTC), CalWORKs, or who have similar employment characteristics.

Employer Tax Credits

The WOTC provides a credit against federal tax to employers who hire high risk youth, ages 18-24, or qualified summer youth, ages 16-17, who are residents of Empowerment Zones or Enterprise Communities. The WOTC also provides federal tax credit incentives to employers hiring individuals from various other groups including qualified recipients of the TANF program, qualified veterans, and vocational rehabilitation referrals.

In addition to the WOTC program, recently enacted federal legislation allows a tax credit to employers who hire long-term recipients of CALWORKS or TANF. This Welfare-to-Work Tax Credit (WWTC) will be in effect from January 1, 1998 through April 30, 1999. EDD administers both the WOTC and the WWTC.

Employment Training

EDD also administers the JTPA. The purpose of JTPA, which is being replaced by the Workforce Investment Act (WIA), is to "establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically-disadvantaged individuals or individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment". To increase the effectiveness of job training programs at the local level, JTPA/WIA combines the efforts of business and government so that the two may work together in designing, implementing and managing job training programs.

JTPA/WIA allows flexibility of job training services to meet the local diverse needs of adults, youth, the older and veteran populations and to address worker dislocation. JTPA/WIA training programs offer:

a. Pre-Employment Training--Includes introduction to the world of work, awareness of what employers expect, bilingual education, remedial education and basic skill training.

b. Vocational or Classroom Skill Training--Combines teaching with "hands on" experience for applicants who want to work, but lack vocational skills. Adult basic education and general education development (GED) preparation classes are also available.

c. On-The-Job Training (OJT)--Reimburses employers with as much as 50 percent of the first six months' wages while new employees are trained.

d. Customized Training--Prepares applicants to meet requirements for a job within local company or industry. The companies must agree to hire screened individuals who satisfactorily complete training and meet company employment standards.

In addition to the JTPA/WIA program, EDD administers the Welfare-to-Work (WtW) grant program, which provides transitional employment assistance to hard-to-employ welfare recipients. The program is administered at the local level by Private Industry Councils. State and local government are allowed maximum discretion to design and implement WtW programs that meet the needs of the hard-to-employ. Some of the means used by the program to move hard-to-employ welfare recipients into and help them keep unsubsidized employment include:

a. Community service or work experience programs;
b. Job creation through public or private sector employment wage subsidies;
c. On-the-job training;
d. Contracts with public or private providers of readiness, placement and post-employment services;
e. Job vouchers for placement, readiness, and post-employment services; and
f. Job retention or support services, if such services are not otherwise available.

HCD's Division of Community Affairs administers various loan/grant and technical assistance programs for the development of employment opportunities through economic development. These programs include State CDBG Community and Economic Development Planning/Technical Assistance Grants and State CDBG Economic Development Allocation. CDBG Community and Economic Development Planning/Technical Assistance Grants assist communities in assessing the feasibility of economic, housing and community development projects. CDBG Technical Assistance activities include assistance to tribal organizations, colonias, profit and nonprofit organizations, and local governments to obtain and administer housing, infrastructure, community and economic development project funds. The CDBG Economic Development Allocation makes awards under two funding components: the Enterprise Fund and the Over-the-Counter (OTC) program. Generally, these awards create or retain jobs for low-income households and facilitate assistance to micro-enterprises in rural communities. The area's JTPA program is utilized by the business receiving funding.

CSD assists low-income Californians to achieve self-sufficiency. Through its network of community-based organizations, CSD administers resources from all levels of government and the private sector to address the immediate needs of low-income people to help them acquire the skills, knowledge, and motivation they need to become economically self-reliant.

CSD administers the Community Services Block Grant (CSBG) Program. The CSBG Program has an established network of service providers throughout California. Over 70 local governments and nonprofit agencies are funded through the CSBG Program with over forty funded to provide services relating to employment. Some of the ways CSBG is used to assist low-income families and individuals include:

- Education and Skills Training
- Homebound Employment
- Shelter Workshop Employment
- Citizen Education
- Work Experience and On-the-Job Training (OJT)
- Youth Mentoring
- Nutritional and Health Care Needs
- Promote Healthy and Stable Living Environments for Children
- Employment Outreach
- Job Counseling, Search, Placement and Development
- Vocational Services

In addition to the above-mentioned programs funded through the CSBG Program, CSBG is also a mandatory Workforce Investment Act (WIA) partner, and works jointly with the California State Office of Workforce Investment to ensure coordination between CSD's contractor network and the local Workforce Investments Boards.

2. HOUSING PROGRAMS

Housing programs administered by HCD's Division of Community Affairs address the need to combat poverty by increasing income through the development of housing with employment components or providing assistance in economic development. Existing employment/training programs (e.g., JTPA, area Redevelopment Agencies, etc.) are often utilized by the developers of these projects. Another federal program administered by HCD is the Section 8 Housing Assistance Program (HAP). The purpose of the program is to provide affordable rental units for very low- and low-income households.

The Legislature of the State of California has acknowledged that the "traditional family structure has been altered significantly… resulting in a dramatic rise in single-parent households and in both parents working outside the home...and that the lack of suitable housing, convenient and quality child care, and employment training programs, contributes to shockingly high rates of poverty among single-parent households..." In addition, in 1997, the State Legislature appropriated $7 million for loans and loan guarantees for constructing child care facilities, a new program which will be administered by HCD.

Emergency shelter and transitional and permanent housing programs for homeless persons typically seek to help homeless persons get out of poverty. These programs do this first through helping to stabilize the shelter situation of homeless persons so that they can address their income problems. The types of services provided include counseling, referrals to employment or employment training, child care while pursuing employment or training, clothes in which to seek employment or training, and a place to receive messages.

D. COORDINATION EFFORTS

HCD as administrator of the State CDBG, HOME, and ESG Programs, DHS as administrator of the HOPWA Program, and CSD/DHS as administrator of the lead-based paint grants, coordinate with other program providers, local, State, and federal governmental entities, non- and for-profit entities, professional organizations, interest groups, and other parties interested in the implementation of federal programs. Further, the State sponsors annual workshops at regional locations regarding program application procedures and grant management requirements for the various federal programs.

HCD has been meeting and will continue to meet on a quarterly basis with the Department of Social Services (DSS) Work Services Branch on common issues. Regular collaboration allows both departments to aggressively seek opportunities to coordinate efforts in meeting welfare reform objectives, including providing housing as a supportive service to eligible CalWORKs recipients. Additionally, these efforts promote program commonalties, maximize resources, integrate eligibility requirements where possible, share "best practices" and promote collaboration efforts at the local level. The two departments have been discussing impediments to welfare recipients transitioning to work, including the lack of affordable housing. For example, DSS provided input to the CDBG State Objectives so that proposed activities will include collaboration with County Welfare Directors.

CDBG staff participates on the Technical Advisory Committee for the Department of Health Services Safe Drinking Water State Revolving Loan Fund. The committee is developing regulations and technical-managerial-financial capacity (TMF) criteria.

CDBG staff participates in the California Financing Coordinating Committee, which was formed to enhance coordination among the agencies that fund local water and wastewater projects. The USDA Rural Development, the State Water Resources Control Board, and HCD have entered into a joint memorandum of understanding to promote cooperation and reduce administrative demands for funding recipients.

CDBG Economic Development Allocation staff sits on the State Trade and Commerce Agency's Sudden and Severe Economic Dislocation and Old Growth (timber harvest restrictions) loan committees. These funds target areas of the State that have lost employment opportunities due to plant closures. In addition, ED staffs are members of the Trade and Commerce Agency's Mill Reuse Project Team, which is facilitating the cleanup and redevelopment of abandoned wood products mill sites. In many cases, HCD and the Trade and Commerce Agency are funding partners in projects that further their respective programs' objectives.

HCD staff will continue to participate in meetings with professional associations, including the Council of State Community Development Agencies, the California Rural Housing Coalition, the National Association of Housing and Redevelopment Officials, the Association of California Redevelopment Agencies, the California Association for Microenterprise Opportunity, the California Association for Local Economic Development and a host of other organizations that have an interest in the State's implementation of HUD programs. In addition, the State has an ongoing dialogue with a variety of private and public lenders about how to resolve coordination problems with projects that propose to use multiple funding sources consistent with leverage and match provisions of the State-operated federal programs.

HCD continues to meet annually with TCAC and CHFA to discuss issues common to the respective programs. Coordination between the three agencies is also accomplished through overlapping board memberships. The Director of HCD serves on the board of CHFA; and the HCD Director and the Executive Director of CHFA serve as members of TCAC. See following page for CHFA Programs that can be used with Federal funds.

HCD collaborates with the State Water Resources Control Board, which administers the State Revolving Fund (SRF) and other subvention programs providing grants and low-interest loans. These loans or grants are used to aid small communities (less than 5,000 residents) in planning, design, and construction of wastewater treatment facilities and wastewater recycling projects. They also are used to correct nonpoint source and storm water pollution problems, and provide estuary enhancement programs and projects.

Coordination of supportive services for the non-homeless is discussed at length in the State Profile (see the Supportive Housing section of the Consolidated Plan).

II. ANNUAL NONHOUSING COMMUNITY DEVELOPMENT PLAN

The subject of this section of the NHCDP is a one-year investment plan for the use of CDBG funds for nonhousing community development activities. The funds will be distributed by the HCD in the areas of the State that are eligible for participation in the State CDBG program.

OBJECTIVE A:

Expand economic opportunity, primarily for low-income persons and households, to mitigate the effects of slums and blight, and to meet urgent needs.

The activities and programs in support of Objective A are described above. In the first year of the Consolidated Plan, each of these programs and activities reflect all of the described features of the economic development program.

OBJECTIVE B:

Promote meeting non-housing community development needs other than economic development.

The activities and programs in support of Objective B will be the same as those described above for the five-year Consolidated Plan period.

SPECIFIC OBJECTIVES

In the first year of the Consolidated Plan, 30 percent of CDBG funds will be reserved for funding economic development activities. Ten percent of economic development funds will be reserved for economic development planning grants and technical assistance activities. Any planning/technical assistance reserved funds that are not awarded will be used for economic development loans and grants.

It is expected that in the first year of the Consolidated Plan, 333 jobs will be created or retained through use of State CDBG economic development funds. This includes the activities of both the Over-the-Counter and Enterprise Fund programs. In the Enterprise Fund program, it is expected that 12 grants will be made to fund local economic development loan programs during each program year.

III. CERTIFICATIONS

A. General

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing - The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the State, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan - It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under Section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME Programs.

Drug Free Workplace - It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

2. Establishing an ongoing drug-free awareness program to inform employees about:
   - The dangers of drug abuse in the workplace;
   - The grantee's policy of maintaining a drug-free workplace;
   - Any available drug counseling, rehabilitation, and employee assistance programs; and
   - The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1.

4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:

   (a) Abide by the terms of the statement; and
   (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.

5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted:

   (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
   (b) Requiring such employee to participate satisfactorily in a drug abuse Assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying - To the best of the State's knowledge and belief:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement;

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants,

loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

Authority of State - The submission of the Consolidated Plan is authorized under State law and the State possesses the legal authority to carry out the programs under the Consolidated Plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with Plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 – The State will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

___________________________	____________________	________
Signature/Authorized Official	Title	Date

B. Specific CDBG Certifications

The State certifies that:

Citizen Participation - It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments - It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification - It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan - The Consolidated Housing and Community Development Plan identifies community development and housing needs and specifies both short- and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended (see 24 CFR §570.2 and 24 CFR §570).

Use of Funds - It has complied with the following criteria:

1. <u>Maximum Feasible Priority</u>. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities that the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.

2. Overall Benefit. The aggregate use of CDBG funds including Section 108 guaranteed loans during program year(s) 2000/2001, shall principally benefit persons of low- and moderate-income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period.

3. Special Assessments. The State will require units of general local government that receive CDBG funds to certify to the following:

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

   However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force - It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

Compliance With Anti-discrimination Laws - The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Lead-Based Paint - Its notification, inspection, testing and abatement procedures concerning lead-based paint will comply with the requirements of 24 CFR §570.608;

Compliance with Laws - It will comply with applicable laws.

Signature/Authorized Official	Title	Date

C. Specific HOME Certifications

The State certifies that:

Tenant Based Rental Assistance – If the participating jurisdiction intends to provide tenant based rental assistance:

The use of HOME funds for tenant based rental assistance is an essential element of the participating jurisdictions consolidated plan for expanding the supply, affordability, and availability of decent, safe, and affordable housing.

Eligible Activities and Costs - It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance - Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

Consolidated Plan – It is following a current HUD-approved Consolidated Plan or CHAS.

Julie Bornstein	Director	Date

D. ESG Certifications

The State, seeking funds under the Emergency Shelter Program (ESG), certifies that it will ensure that its recipients of ESG funds comply with the following requirements:

Major Rehabilitation/Conversion – In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

Essential Services – Where the assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

Renovation – Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services – It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other federal, State, local, and private assistance for such individuals.

Matching Funds – It will obtain matching amounts required under 24 CFR §576.71.

Confidentiality – It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

Homeless Persons Involvement – To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of such facilities.

Consolidated Plan – It is following a current HUD-approved Consolidated Plan or CHAS.

Signature/Authorized Official	Title	Date

E. HOPWA Certifications

The State HOPWA grantee certifies that:

Activities - Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building - Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance.

2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

______________________________	____________________	________
Signature/Authorized Official	Title	Date

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).

4. For grantees that are individuals, Alternate II applies. (Not applicable jurisdictions.)

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

   Place of Performance (Street address, city, county, state, zip code):

   ____
   ____
   ____

   Check ____ if there is workplaces on file that are not identified here; the certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

9. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

   “Controlled substance” means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15).

   “Conviction” means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State Criminal drug statutes.

   “Criminal drug statute” means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.

   “Employee” means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

IV. SUMMARY OF CITIZEN COMMENTS

A. EDBG Issues

Comments were received from seven cities eligible to participate in the State CDBG program, two State Assemblymembers and one private consultant regarding proposed changes in the Economic Development component. The representatives of the seven cities, the two Assemblymembers and the private consultant commented on the following proposal as described in the Consolidated Plan:

Proposed Change: "In the Economic Development Allocation's Enterprise Fund component, implement an every-other-year funding policy. Jurisdictions that have been funded in a given year would not be eligible to receive funding in the subsequent program year."

All of the commenters opposed adopting an every-other-year funding policy and cited concerns, including:

- The proposed changes should be discussed at Annual Conferences and jurisdictions should be properly informed of the proposed changes;
- It would cause too much delay in the use of Enterprise Funds for business development projects and would affect the jurisdiction's ability to make timely commitments to business development projects;
- Waiting for funds will negatively impact moving forward with planned business and industrial development projects;
- The annual funding is being used to bring living wage jobs, assist affordable housing, child care and youth facilities and develop needed community infrastructure and the every-other-year proposal will cut in half the City's ability to meet these needs;
- It will change the amount of funds that a jurisdiction can receive in a single year;
- The proposal penalizes a jurisdiction that truly has a need and the goals of the program will change from the "Need" of the jurisdiction to "…. which group of jurisdiction they will be applying with in a particular year."
- Most communities that get an Enterprise Fund award do not reapply the next year and, therefore, it is not an issue.

Response: HCD agrees that jurisdictions should be adequately informed as to the content of proposed regulatory changes and the necessity for the changes, and have proceeded to do so. This is the second consecutive year that the proposed changes to the Economic Development Allocation have been described in the Draft Consolidated Plan. The Draft plan is posted on HCD's website for the 30-day public comment period annually each spring, and in the event of any mid-year amendments. Public notice for the current Draft Consolidated Plan was also mailed to all State CDBG eligible jurisdictions and other interested parties (including non-profit and for-profit contract program operators). The notice invites comments to the Draft plan. As indicated in the Consolidated Plan, any regulatory changes HCD proposes to adopt are subject to separate public notification and public comment, and the Department is required to consider these comments as part of the regulatory adoption process.

All of the proposed changes were the subject of discussion by the State CDBG Working Group that met during 1998-99, which was constituted at the request of Assemblymember Strom-Martin, Chairperson of the Assembly Select Committee on Rural Economic Development. The purpose of the Working Group was to provide input on the Department evaluation of whether the current method of distributing State CDBG funds is the best way to assist the state's small cities and rural counties with meeting their local community development needs. The Working Group was comprised of a cross-section of State CDBG stakeholders including representatives from local government; non-profit and for-profit program operators; the Select Committee; the California Association for Local Economic Development (CALED), and local economic development corporations.

In March 2000 HCD issued the report, "Study of Program's Responsiveness to the Community Development Needs of California's Small Cities and Rural Counties." The report presents issues and concerns raised by the Working Group, analyzes the historical funding outcomes of the program, and evaluates the impact of alternative methods of distributing funds and rating applications. In part, the need to identify alternatives to the current distribution method came from input by Working Group members who view the current system as resulting in an inequitable allocation of funds to the smaller cities at the expense of jurisdictions, like counties, that may have larger actual numbers of persons in need, but lower percentage of persons in need. Some members argued that the effect of the current distribution system is to prevent some applicant jurisdictions from receiving funds for extended lengths of time, ultimately resulting in lower levels of participation in the program and/or to restrict the type of activities that jurisdictions can be successfully funded for under the current rating criteria. The every-other-year funding policy was one option discussed which could increase the number of jurisdictions that receive funding under the program and expand the types of activities being funded by increasing the rate of funding.

Finally, the necessity for changes related to every-other-year funding and limiting the amount of funds per grant for smaller population communities comes, in part, from concerns raised by HUD that CDBG programs, including the State CDBG program, are not expending its grant allocations on a timely basis. To remedy this problem, some states (e.g., the state of Idaho) have now adopted policies that preclude a jurisdiction from receiving any new grant funds until an open grant has been either fully expended or substantially expended.

HCD has consulted extensively with representatives of the program's eligible jurisdictions and interested parties on possible changes to the program. HCD has solicited additional input from all eligible jurisdictions and interested parties over the past two years through the Consolidated Plan adoption process; HCD will continue to solicit input if actual regulatory changes are proposed.

HCD does not agree that the proposal would necessarily cause delays to providing assistance to business development projects. The application funding, contract execution and fund expenditure cycle typically spans at least a 24-month period.

All Enterprise Fund grants have a term of 30 months with funds to be obligated within 24 months from the date the CDBG contract is executed. Under the proposal, a jurisdiction receiving Enterprise funds in November 2000 will be eligible to reapply in September 2002 and receive additional funding by November 2002. The typical grantee will still be implementing its 2000 award at the time it receives the additional funding. Under the current funding system, a jurisdiction funded in consecutive program years is still in the early stages of program implementation for the first years' funds when it receives funding under the next program year.

In addition, the jurisdiction will still be able to submit an application at any time for a "ready-to-go project" under the Economic Development Allocation's Over-the-Counter funding component. The proposal only applies to the Enterprise Fund component. Finally, many jurisdictions are generating significant amounts of program income from earlier loans made from CDBG grants. This program income funds should be expended before drawing down funds under an open Enterprise Fund grant, which extends the funding life of the open Enterprise Fund grant. For the reasons cited above, HCD does not agree that the every-other-year proposal will negatively impact a business development project because the project is waiting for funds from the Enterprise Fund.

The proposal is only applicable to the Enterprise Fund component. Jurisdictions will be able to apply for activities that assist affordable housing, childcare and youth facilities and other community infrastructure under the State CDBG program's General Allocation. As noted above, economic development projects could still be funded under the Over-the-Counter funding component, or the jurisdiction could utilize program income. HCD does not believe that there will be any decrease in activities funded due to the every-other-year proposal.

The proposal will not change the amount of funds a jurisdiction can receive in a single program year. A jurisdiction will still be able to receive a total of $870,000 per year from the General Allocation and Economic Development Allocations. (Including Planning and Technical Assistance grants from the two funding allocations.) If a jurisdiction cannot reapply under the Enterprise Fund component because it was funded the prior year, the jurisdiction is nevertheless eligible to receive up to $500,000 under the Economic Development Allocation's Over-the-Counter component.

The rating factors will continue to measure the comparative "need" of a jurisdiction based on numbers of persons in poverty and unemployment rates. However, the Department believes there is a widespread need for business development capital and microenterprise assistance in California's rural communities and views the proposal as a means to be more effective in meeting needs throughout the State.

In the last three years of the Enterprise Fund program (1997, 1998, 1999), six jurisdictions received consecutive funding in each of the 1998 and 1999 program years. The every-other-year funding policy would have resulted in the average rate of funded applications increasing from 66 percent of applications submitted to 87 percent. In addition, the policy would have resulted in a more balanced geographical distribution and a more balanced allocation of funds between business loan activities and microenterprise assistance activities.

Proposed Change: "In the Economic Development Allocation's Enterprise Fund component, implement a funding cap based on the population of the jurisdiction. For example, jurisdictions of less than 5,000 would be limited to a maximum of $300,000 of funding under the Enterprise Fund component."

A representative of a City and a private consultant expressed opposition to the above change, as follows:

- The size of the community does not determine the community's success at implementing a program successfully and on a timely basis.
- The award of funds should be based on performance, not size.
- The proposal is an attempt to "push away struggling small communities and jurisdictions…and cater to bigger communities."

Response: HCD agrees that other factors help determine the success of an Enterprise Fund program besides size of population. However, the size of a community's population can be an indicator of the level of overall business activity and, therefore, the amount of effective demand for the Enterprise Funds.

HCD agrees that past performance measures can, and should, be a primary factor in determining whether a jurisdiction receives funding. HCD will further examine how it can strengthen the performance factor that is currently being used to rate applicants.

The proposal is intended to relate CDBG business loan resources with the probable effective demand for this type of assistance in a community. As noted elsewhere, the funding cap would only apply to the Enterprise Fund, not the Over-the-Counter component where any community could receive up to $500,000 to support a specific, ready-to-go business development project.

Comment: A private consultant commented on the proposal to change the Enterprise Fund poverty rate factor to measure both the percent of persons in poverty in a jurisdiction as well as the actual numbers of persons in poverty.

Response: HCD agrees that no single application-rating factor determines whether an application will be funded. The study of funding outcomes and the impact of rating factors, described elsewhere in these responses, has identified the Poverty Rate factor as having greater influence on funding allocations than the other "Need for Program" rating factors under the Enterprise Fund. Representatives from counties and other jurisdictions with larger populations consider the poverty rate to be an incomplete measure of a jurisdiction's need for CDBG funds based on its comparative poverty. These jurisdictions argue that the actual numbers of persons in poverty should be considered in applying this factor. HCD agrees that both measurements should be used to provide a more equitable allocation of the Poverty factor points.

A private consultant commented on the proposal to eliminate the Enterprise Fund factor that allocates points where a jurisdiction can document that the proposed Enterprise Fund program will help achieve the goals and objectives cited in a local or regional economic development plan and substitute a factor that allocates points for a program that will meet a State objective.

Proposed Change: "…eliminate the factor that measures the extent to which a proposed program complements a local or regional economic development strategy and substitute a criterion that awards points for programs that will further State objectives…"

The commenter opposed the above change and cited the following reasons:

- The current factor awards points to communities that have "thought through" their economic development needs and planned for how to meet those needs.

- Economic development is a creature of local and regional opportunity and the State should not impose State priorities that could "run counter to the local forces that shape community economies and job creation."

- The proposal runs counter to "Smart Growth" assumptions that economic growth is a product of regional economies and that local planning helps insure that the CDBG-funded programs will result in job creation and insure that programs benefit the program's intended lower-income beneficiaries.

Response: HCD acknowledges the importance of local and regional economic development planning but does not agree that the existence of an overall local or regional economic development plan is a significant predictor of success in implementing an Enterprise Fund program. The more important factors appear to be local staff capacity and the existence of an effective demand for the funds.

Administration of the State CDBG program was devolved from the federal level to the State level to allow states to allocate these CDBG funds for activities that meet federal, State, and local objectives. The State Objectives factor would be used to promote the use of CDBG funds to meet common statewide priority needs such as assisting persons to transition from welfare-to-work.

A private consultant commented on the proposal to substitute a factor that awards points based on an Over-the-Counter project's "ready-to-go" status for the current factor that awards points based on the amount of funds being requested for General Administration of the grant.

Proposed Change: Under the Over-the-Counter (OTC) funding component, "….eliminate the factor measuring the percent of grant funds allocated to General Administration costs and substitute a factor that measures the extent to which a project is "ready-to-go". For example, a project that has all of its other funding committed would receive more points under this factor than a project that has not yet received the needed funding commitments from sources of funds other than CDBG."

Response: This proposal is responsive to the concerns expressed by the HUD that some states, including California, need to improve their rate of disbursing the federal grant funds. Projects that have all other funds committed are usually able to move ahead with the actual project and the draw down of CDBG funds more quickly than are projects that have not received commitments for the other funds and may not be getting these commitments in the near-term. For example, the Rural Development Agency's Business and Industry Loan Guaranty program can be an extended process from the time that the lender submits an application to the time that funds are committed. Jurisdictions with projects that do not have their other funding committed within 90 days can always submit their application when that commitment has been received.

This would only be one of the rating factors used to determine if an OTC project meets the program's minimum threshold requirements. An application that documents significant job creation in an area of high unemployment and leverages other funds would nevertheless meet the threshold level for being reviewed under the program's underwriting guidelines.

The program encourages the use of the CDBG program's Planning and Technical Assistance funds to help make an OTC project as "ready-to-go" as possible.

B. HOME Issues

Comment: One commenter asserted the draft Plan fails to meet the needs of low-income renters and includes too much emphasis on homeowners and home ownership.

Response: See earlier comment on State regulations and priorities. The State HOME Program is designed to remain as flexible as possible to accommodate a wide variety of eligible jurisdictions to address locally determined needs within eligible uses consistent with the State and federal regulations. Within this context, local jurisdictions to determine the needs for their community, and providing as many eligible uses for assistance as possible to facilitate meeting the local needs. Transitional housing is an eligible use of HOME funds.

Comment: One commenter stated the HOME program has no identified objectives.

Response: The HOME program can be used to address all of the Consolidated Plan objectives: See Appendix 7 of the Plans which detail the criteria for distribution of HOME funds.

Comment: One commenter stated that HOME funds are identified as available for Tenant-based Rental Assistance (TBRA), as a valuable and necessary program according to need. Yet the plan identifies that "consideration is being given to eliminating TBRA as an eligible activity". If TBRA were eliminated, the elimination would directly contrast the Plan identified needs of low-income renters.

Response: The HOME Program agrees there is a need for tenant-based rental assistance. However, Among HOME- eligible jurisdictions, as demonstrated by the applications that HCD receives, it appears that TBRA is not perceived as a priority use of HOME funds by the eligible jurisdictions.

C. ESG Issues

Comment: One commenter stated the need for transitional housing for those who have disabilities.

Response: The housing needs of the disabled population that is mentioned is not that different from any other person or group earning 50% or less of median income. What is needed in many cases is supportive services. That being the case, programs such as the $25 million expansion of EHAP for supportive housing certainly addresses that needed. To the extent that we support and implement such an effort, some of that need is being addressed. Other portions of the need are covered by Developmental Services or Social Services through board and care facilities housing and support services that are generally not a part of the housing mandate of HCD.

D. CDBG Issues

Comment: One commenter stated: "There is no restriction on the use of the funds to demand that they facilitate the construction of housing for low-income households."

Response: Applications for State CDBG funds must, at a minimum, benefit 51% low-income households/persons. However, in the extremely competitive application process, which takes place annually, applications for CDBG funds must benefit close to 100 percent low-income households/persons in order to obtain funding. Due to this extremely competitive process, in the last three years, the State CDBG general allocation has awarded $80,553,243 benefiting 99.4 percent low income. It is also important to keep in mind that State Statute requires that at least 51 percent of the State CDBG funds must be spent for housing.

Comment: One commenter stated there is no identified objective to address the problem of conversion of low-income rental units to market rate use.

Response: Rental acquisition as well as acquisition and rehabilitation is an eligible activity in both CDBG and HOME. In program year 1998-99, the HOME program set aside funds specifically for assistance to projects which were at-risk of conversion. This special NOFA made $6 million available for 12 months, but HCD did not receive any applications for this activity. When the NOFA expired, funds were redirected to the general HOME fund allocation process where this use remains an eligible activity. In addition, the State CDBG program included a provision for the years 1998 and 1999 to give 25 bonus points for projects that prevent the conversion of low-income rental units to market rate. HCD received only 3 applications for this activity out of a total of 165. Due to the lack of demand, HCD deleted this State objective and replaced it with the objective for farm worker housing. Activities that prevent the conversion of low-income rental units to market rate also continue to be a CDBG eligible activity and could compete well in the rating and ranking process.

Although conversion of at-risk units is a statewide concern, and the potential loss of the affordable units could severely impact the availability of units, the eligible jurisdictions that participate in the State Block Grant programs, have not come forward to apply for these funds.

Comment: One commenter stated, "The plan, though, neglects to address the needs of the traumatic brain injury population, for whom there is no current funding for group homes".

Response: The Draft Plan inadvertently included a statement about the lack of funding for this population, and has been deleted. Group homes for persons with traumatic brain injury, along with other types of disabilities, are an eligible activity under the State CDBG program and would rate well in the competition for these funds. Social services and medical support services are not provided through the HCD programs, but could be augmented with coordinated planning with other state agencies.

Comment: One commenter stated, "…there is no mention of addressing either permanent or transitory housing for farm workers".

Response: As stated in the Draft Annual Plan, the State CDBG program has instituted a State Objective this year which states that up to 25 bonus points will be awarded to applicants that propose an activity which facilitates the development of permanent or migrant farmworker housing or activities which provide for health services for the farm worker populations. The section on farmworker housing needs also indicates other State and federal funding that is used to provide housing for farmworkers.

Comment: One commenter stated, "The draft plan fails to properly set priorities pursuant to 24 CFR 91.315"

Response: In contrast with local entitlement jurisdictions (for whom the federal guidelines are written), the State CDBG and HOME programs, including the basis for competitive allocation of funds through rating and ranking criteria, are covered by State regulations, which in effect constitute the criteria and method of prioritization of these funds (see the Draft Annual Plan). For example, the Draft Annual Plan and Attachment 1, describe the priorities that are set by the State CDBG program in allocating funds. As described, top priority is given to the extent in which an activity benefits low-income households/persons.

Comment: One commenter opposed the section of the plan that proposed to, "…change the Poverty Rate criterion to reflect percentage of population below the poverty level and numbers of persons in poverty." This commenter expressed the following opinions or concerns:

- The proposed change will weaken the focus of funds on smaller, isolated communities and CDBG is their only community and economic development resource.

- The program should wait for the 2000 census data to see what impact that has on the poverty factor.

- The current factor's method of measuring "distress" is consistent with the "Smart Growth" objective of serving the "Other California" that exists in the rural, poor areas of the state.

Response: This change is intended to provide an equitable remedy to the current factors that measure only the comparative percentage of persons in poverty without giving any weight to actual numbers of persons in poverty within the applicant jurisdictions.

The CDBG taskforce, which was made up of eligible city and county representatives, came to the conclusion that the change in poverty scoring is needed to address the large numbers of low-income persons in need of assistance that exist in some county and larger city populations. While this will not have a significant effect when the larger jurisdictions apply for activities in target areas, it will give them a slight competitive advantage when proposing countywide/citywide activities. In the past, the poverty scoring has been solely based on the percentage of persons in poverty. This meant that if a city of 3,000 and a city of 40,000 had 15 percent persons in poverty, they would receive the same amount of points even though the actual numbers are 450 persons in poverty for the smaller city and 6,000 persons in poverty for the larger city. By splitting the 100-point category into 2 separate categories, the CDBG program can take into account the actual number of persons in poverty and see the true magnitude of the need. 50 points would still be awarded based on the percentage of persons in poverty and 50 points would be based on the actual number of persons in poverty.

E. OTHER ISSUES

Comment: One commenter wrote that the objectives in the plans put too much emphasis on homeowners and home ownership and, therefore do not address the identified needs of low-income renters, or those who require transitional housing. The commenter specifically mentioned Objectives 1 and 3.

Response: HUD's mission statement concerning block grant funds states that the funds are to be used to, "…implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income Americans." The objectives in the Consolidated Plan are consistent with this mission.

Objective 1 sets a goal of meeting the housing needs of low-income renter households, including homeownership opportunities for first-time buyers. The State administered programs accommodate these goals by providing funding for construction of new rental units, rehabilitation of existing units, TBRA for rental assistance, and first-time homebuyer programs which is targeted to low-income families that do not currently own a home. HCD has restricted down-payment assistance to first-time buyers because it is believed the funds would be best used to assist those who are not currently owners rather than a move-up situation for those who already own a home, or have owned a home in the last three years. The issue of overcrowding for rental households by encouraging development of housing for all types and sizes of low-income households can include increases to supply to and expansion of existing units. The ESG program funds transitional housing.

Balancing the needs of both low-income renters and owners within eligible communities is determined at the local level. The local community is best suited to identify the needs of its population and apply for an activity that meets the needs of its community. Many of the small rural jurisdictions eligible for the State CDBG have the most prevalent needs amongst their homeowner households.

Comment: One commenter suggested we add the term "accessible" along with affordable in dealing with the needs of people with disabilities in several areas of both the Annual Plan and the Consolidated Plan. This recommendation would allow a fuller understanding of the need for affordable/accessible housing.

Response: HCD has added the word accessible as recommended by the commenter. We agree the term accessible as well as affordable expands the understanding of the needs of this population group.

Comment: One commenter asserted that the State has failed to comply with the Citizen Participation Requirements of 24 CFR Sec. 91.115 and 91.325 relating to encouraging participation by low-and-moderate income persons, particularly those living in slum and blighted areas, by minorities, non-English speakers, or persons with disabilities.

Response: No changes have been proposed for the Citizen Participation Plan, which was included as Appendix 4 of the Draft 2000 – 2005 (five-year) plan. Provisions of the Citizen Participation Plan were implemented in the update process of the current Consolidated Plan. The Citizen Participation Plan, which was adopted several years ago, included input by a taskforce which included representatives of low- and-moderate income households, and the disabled, among others, and has been accepted by HUD as conforming with federal requirements. All public notices, which are broadly available to the general public, of the public comment period on proposed amendments to the Consolidated Plan or the Consolidated Annual Performance Report (CAPER) include notice of the availability of translator or special needs services. The Summary of the Consultation Process included in the Plan describes several opportunities provided for participation by the identified constituents or their representatives. In addition, each of the individual programs involves additional opportunities for such input within typical program operations. HCD encourages and invites suggestions for additional opportunities to involve these constituencies in subsequent updates of the Draft Annual Plan and review of the CAPER.

Comment: One commenter stated that in light of the potential conversion of low-income rental units to market rate use, questions the State's certification that it will comply with the Anti-displacement and relocation plan.

Response: According to federal regulations, relocation is only eligible for HOME funds if the relocation results from HOME-funded rehabilitation activity.

GLOSSARY

DEFINITIONS

Income Groups**:** The Consolidated Plan includes coverage of the following income groups.

- Extremely low
- Other very low
- Very low
- Other low
- Low-income
- Federal-moderate
- Federal above moderate

The final HUD rule governing preparation of Consolidated Plans changed the income group terminology from that which was used in the CHAS. This Consolidated Plan retains the CHAS terminology (except for using Extremely Low Income as the lowest income category). This retains consistency between the Consolidated Plan, the CHAS for 1994 to 1998, and State planning documents including the California Statewide Housing Plan.

The table below shows the equivalent terms in the Consolidated Plan (including this Annual Plan), the CHAS, the Consolidated Plan Rule, the National Affordable Housing Act (NAHA), and California law.

Income Level	California Con. Plan	Con. Plan Rule	California NAHA	Law
0-30%*	Extremely Low	Extremely Low	Very Low	Very Low
31-50%*	Other Very Low	Other Low		
51-80%*	Other Low	Moderate	Other Low	Other Lower
81-95%*	Fed-Moderate	Middle	Moderate	Not used

* With adjustments

HOPWA — Housing Opportunities for Persons With AIDS

PHH — Permanent Housing for the Handicapped Homeless.

RASSCLE — Response and Surveillance System for Childhood Lead Exposure.

REO — Real Estate Owned - a model HOME program for preservation of rental housing developments in foreclosure (defined on page 26).

NHANES — National Health and Nutrition Examination Surveys.

NOFA — Notice of Funding Availability.

Over-the-Counter — Term used for funds for which applications are accepted by HCD on a continuous basis for the period during which the funds are available (in contrast to a shorter time-limited application period).

APPENDIX 1

CALIFORNIA HOUSING FINANCE AGENCY PROGRAMS WITH A HISTORY OF USE OR POTENTIAL FOR USE WITH CDBG OR HOME FUNDS

SINGLE-FAMILY PROGRAMS (Contact Person: Ken Williams -- (916) 322-1997)

FIRST-TIME HOMEBUYER -- This program provides permanent loans for home purchase to first-time homebuyers, including buyers in federally designated target areas. The program utilizes tax exempt Mortgage Revenue Bond (MRB) financing.

AFFORDABLE HOUSING PARTNERSHIP PROGRAM -- This program combines the resources of CHFA and local government entities to provide both a lower CHFA first mortgage rate and locality down payment assistance for first-time homebuyers.

SELF HELP BUILDER ASSISTANCE PROGRAM (SHBAP) -- SHBAP provides development loans to assist non-profit self-help developers with certain acquisition and development costs, and provides permanent mortgages for the first-time homebuyers involved in the mutual self-help developments.

NON-PROFIT HOUSING PROGRAM -- This program provides permanent loan commitments with interest rate locks to non-profit developers at reduced cost and interest rates for affordable projects for first-time homebuyers.

CHFA/RURAL DEVELOPMENT LEVERAGED PARTICIPATION PROGRAM -- In addition to making first mortgages to homebuyers in rural areas through the Section 502 loan program, USDA Rural Development makes amortizing second mortgages for home purchase. CHFA provides a lower interest rate on a first mortgage for first-time homebuyers receiving USDA Rural Development second loans.

100% LOAN PROGRAM -- The 100% Loan Program provides lower interest rate first loans and deferred payment second mortgages.

SPECIAL PROGRAMS (Contact: Doug Smoot (916) 322-1325)

SCHOOL FACILITY FEE DOWNPAYMENT ASSISTANCE PROGRAM -- The program was passed by the voters in November 1998 and allocates $27 million a year for four years to provide down payment assistance to eligible homebuyers as a partial or full rebate of the local school facility fees paid by the builder on newly-constructed single-family units. There are specific provisions for: 1) counties with economic distress; 2) first-time homebuyers; and 3) homes selling for $110,000 or less.

HOUSING ENABLED BY LOCAL PARTNERSHIPS (HELP) PROGRAM -- Designed to provide partnerships with local government entities consistent with locality affordable housing priorities, this program is committed to provide $20 million a year for 5 years (beginning in fiscal year 1998/99). This program provides 3% interest; deferred payment loans to local government entities for a term not to exceed 10 years for locally determined and administered programs that address unmet affordable housing needs.

APPENDIX 1 (continued)

SPECIAL NEEDS HOUSING PROGRAM -- This program is designed to provide permanent, low-interest rate financing for sites that provide safe and sanitary housing to tenants needing assistance or supportive services. Populations include individuals with mental or physical disabilities, substance abuse, HIV/AIDS or other at-risk groups.

MULTIFAMILY FINANCE PROGRAMS (Contact Person: Linn Warren – (916) 327-3022)

TAXABLE AFFORDABLE MORTGAGE PROGRAM -- This program is specifically designed for use with the 9% Low-Income Housing Tax Credits by both for- and non-profit borrowers.

PRESERVATION HOUSING PROGRAM -- This program is designed to provide taxable sources of funds for the acquisition or refinancing of at-risk affordable housing projects. The program also includes acquisition-financing funds that aid in the transition of assisted projects, and is designed to be used by both for-profit and non-profit sponsors.

TAX EXEMPT AFFORDABLE MORTGAGE PROGRAM -- This program provides permanent financing for new construction and acquisition for affordable projects. The program is designed to be used with the 4% Low-Income Housing Tax Credit. The program also offers a tax-exempt bridge loan component that allows projects to qualify for the 4% tax credit and increased tax credit equity contributions.

ACQUISITION/REHABILITATION AFFORDABLE MORTGAGE PROGRAM -- This program provides permanent financing for affordable housing projects that will be acquired and rehabilitated utilizing tax exempt or taxable financing.

PREDEVELOPMENT LOAN PROGRAM (HOUSING ASSISTANCE) -- This program provides predevelopment capital to acquire site control, complete required studies and carry out preliminary planning, design, and government approvals prior to qualifying for construction and permanent financing. This program is available to qualified non-profit organizations only.

APPENDIX 2

California Trade and Commerce Agency
Economic Development Programs

Rural Economic Development Infrastructure Program (REDIP) -- Provides low-cost loans to improve or expand public infrastructure needed to retain or create permanent, private sector jobs in eligible rural cities and counties.

California Infrastructure and Economic Development Bank (CIEDB) -- Provides low-cost financing for a variety public infrastructure projects that support economic development. Provides tax-exempt industrial development bond financing, 501(c)(3) bond financing, and exempt-facility bond financing.

Old Growth Diversification Revolving Loan Fund -- Provides capital leading to the creation and retention of jobs in areas of California affected by timber harvest reductions and sawmill and related plant closures. Businesses engaged in the production of value-added wood products are eligible to apply for low-interest loans under this program.

Hardwood Initiative -- Provides staff to coordinate public and private efforts to increase investment in the use and management of California hardwoods.

Business Development Technical Assistance -- Provides staff to assist cities, counties, and economic development organizations in their business attraction and retention efforts.

Small Business Development Centers -- Provides free, in-depth, one-on-one confidential consulting, training and research services in areas such as business plan development, marketing, access to capital, manufacturing, technology development, export financing, human resource management, merchandising, finance, accounting, and legal matters.

California Economic Strategic Panel -- Provides a process to undertake California's first statewide biennial economic development strategic planning effort. The California Economic Strategic Panel was commissioned by the Governor to develop an overall economic vision and strategy to guide public policy.

Sudden and Severe Economic Dislocation Revolving Loan Fund -- Works jointly with private lending and investment sources to complete projects which would not normally qualify for conventional financing. It provides capital leading to the creation and retention of jobs in areas of the state affected by plant and military base closures, defense downsizing, industry layoffs, federally-declared disaster areas and other economic problems that have contributed to job loss in California.

Division of Tourism -- Promotes travel to and within the state and provides travel information and statistics.

Export Finance -- Provides loan guarantees to banks securing export loans for small and mid-sized California companies to complete export sales.

OSB Financial Assistance Unit -- Provides loans and loan guarantees to small businesses that are having difficulty qualifying for credit that they need from private sector lenders.

APPENDIX 3

LOW INCOME TAX CREDIT PROGRAM
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
915 CAPITOL MALL, ROOM 485
SACRAMENTO, CA 95814
TELEPHONE: (916) 654-6340 FAX: (916) 654-6033

The California Tax Credit Allocation Committee (TCAC) administers two low-income housing tax credit programs -- a federal program and a state program. Both programs were authorized to encourage private investment in rental housing for low -and lower-income families and individuals.

Congress authorized the federal program ("Credit program') in 1986. It replaced traditional housing tax incentives, such as accelerated depreciation, with a tax credit that enables low-income housing sponsors and developers to raise project equity through the sale of tax benefits to investors.

The Credit program is contained in the federal tax code and is administered by the Internal Revenue Service, which is part of the U.S. Treasury Department. Internal Revenue Code Section 42 specifies that, in each state, the state legislature designates the "housing credit agency" to administer the Credit program. In California, responsibility for administering the program was assigned to TCAC, first by a February 1987 gubernatorial proclamation, and later by enactment of SB 113, Chapter 658, Statutes of 1987.

The federal tax credit was granted permanent status with passage of the Omnibus Budget Reconciliation Act of 1993. Prior to receiving permanent program status, Congress authorized the Credit program on an annual basis.

The State Program

Recognizing the high cost of developing housing in California, the legislature authorized a state low-income housing tax credit program to augment the federal tax credit program. Authorized by Chapter 113 8, Statutes of 1987, the state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of federal credits. The state program does not stand alone, but instead, supplements the federal tax credit program.

Annual Federal Credits Available

Each state is allowed an annual housing credit ceiling of $1.25 per capita, and may qualify for a prorata share of credits available annually in a national pool comprised of states' unused credits. Also, any credits returned to a state from a credit recipient can be allocated to new projects. From the total ceiling amount available to California, the Committee allocates credit amounts based upon assessments of eligible project costs, as defined by IRC Section 42. The housing sponsor uses or sells ten times the allocation amount, since investors can take the annual credit each year for a ten-year period.

Although the credit is taken over a ten-year period, the Internal Revenue Code requires that the project remain in compliance for at least 15 years.

Annual State Credits Available

The annual state credit ceiling is currently set at $35,000,000 annually (in addition to any unused or returned credits from previous years). Investors take the state credit over a four-year period in contrast to the ten-year federal allocation period. The full four-year state credit allocated to a project is deducted from the ceiling, while only the annual federal credit allocated to a project is deducted from the federal ceiling.

Eligible Projects

Only rental housing projects are eligible for tax credits in both the federal and state programs. Credits can be allocated to new construction projects or projects undergoing rehabilitation. Credits are allocated on a competitive basis so that those meeting the highest housing priorities, as determined by the Committee, have first access to credits. Those utilizing tax credits must own the project for which the credits are awarded. Tax credits are allocated based on the cost basis of the project, including hard and soft development costs associated with building the project, but not including land costs and other non-depreciable items.

Rent and Income Restrictions

The Credit program has both rent and income restrictions. Since 1990, rents on tax credit units cannot exceed 30 percent of an imputed income based on 1.5 persons per bedroom (i.e., in a two-bedroom unit, the income of a three-person household is used to calculate rent, regardless of the actual family size of the household). For projects allocated credits before 1990, rents must be at or below 30 percent of the qualifying income of the household occupying a unit.

Federal law requires that the initial incomes of households in tax credit units cannot exceed either 60 or 50 percent of the area median income, adjusted for household size. When a project developer or sponsor applies for tax credits, he or she irrevocably elects one of the following minimum federal set-aside requirements:

- a minimum of 40 percent of the units must be both rent-restricted and occupied by households whose incomes are 60 percent or less of the area median gross income, adjusted for family size, or
- 20 percent of the units must be both rent-restricted and occupied by households whose incomes are 50 percent or less of the area median gross income, adjusted for family size.

Despite this minimum set-aside election, project sponsors often designate all of the units in a project for occupancy by low-income households, since credits are allocated only for restricted units. For instance, if a developer builds a project in which half of the units are market-rate and half are affordable, only half of the eligible project costs would be considered when determining how much credit may be allocated. Additionally, as described below, sponsors generally target a certain number of units to tenants with incomes below 60 or 50 percent of median to compete successfully.

Long Term Affordability

Under federal law, credit projects must remain affordable for at least 15 years; however, California law generally requires a 55-year compliance period. Regulatory agreements are recorded against each credit project to ensure compliance.

Determination of Credit Need

As required by federal law, the Committee performs feasibility analyses on every project to ensure that allocations do not exceed the amount required for project feasibility. While a project's qualified basis determines a maximum credit allocation, only the amount needed to fill the financing shortfall can actually be allocated. The Committee must consider the sources and uses of funds and the total financing planned for the development, including the projected proceeds to be generated by the sale of tax credits. The Committee must also determine the reasonableness of estimated development, operational and intermediary costs. For each project, the amount of credits needed must be determined at least three times, at application, allocation, and placed-in-service.

How Credit Amounts Are Calculated

In determining the amount of credit for which a project may be eligible, first, total project cost is calculated. Secondly, subtracting non-depreciable costs, such as land, permanent financing costs, rent reserves and marketing costs determine “eligible basis”. Next, the eligible basis is multiplied by the "applicable figure”, which is the smaller of, (1) the percentage of low-income units to total units, or, (2) the percentage of square footage of the low-income units to the square footage of the total units. This figure is known as the "qualified basis" of the project.

The qualified basis is multiplied by the federal tax credit rate, published monthly by the IRS, to determine the maximum allowable tax credit allocation. For projects that are new construction or rehabilitation, which are not financed with a federal subsidy, the rate is approximately 9 percent. For projects involving a federal subsidy (including projects financed more than 50 percent with tax exempt bonds), the rate is approximately 4%. A project’s final (placed-in-service) tax credit allocation is based on actual project sources and uses of funds, the financing shortfall and the actual applicable federal rate. The rate applicable to a project is the rate published for the month each building is placed in service or in an earlier month elected by the sponsor. The allocation cannot exceed the initial reservation amount and may be reduced if an analysis determines that the maximum allowable amount would generate excess equity proceeds to the project.

Raising Equity Investment

Most credits are sold to corporate or individual investors through public or private syndication. Investor's benefit from the tax credit by purchasing an ownership interest in one or more tax credit housing projects. In turn, investors take a dollar-for-dollar credit against their tax liability over a ten-year period. Partnership equity contributed to the project in exchange for the credit typically finances 30-60 percent of the capital costs of project construction.

The net amount of equity proceeds contributed to a project is based on investor contributions (the present value of the ten-year credit) less syndication overhead and fees and other syndication-related costs. The Committee uses the net tax credit factor (net proceeds divided by the total 10-year tax credit allocation) to determine the credit amount needed.

Differences Between the State and Federal Programs

California's tax credit program was structured to mirror the federal program with certain exceptions. In addition to the state credit only being available to projects that also receive a federal credit, other differences include:

- TCAC gives priority for state credit allocations to projects not located in a designated high cost area and those using HOME funds to finance eligible costs.
- The applicable percentage to be applied to the qualified basis for determining the amount of State credits is 30 percent for projects which are not federally subsidized, and 13 percent for projects which are federally subsidized, in contrast to 9% and 4% for the federal credit.
- State credits are not available for acquisition costs, except for projects that qualify as at-risk of being converted to market rate.
- The State program has a rate of return limitation. Any surplus revenues generated above the limitation must be used to reduce rents.

State Credits in Designated High Cost Areas

The authorizing legislation that created the state tax credit prohibited credit allocations to projects located in federally-designated high cost areas (HCAs). The prohibition was included to recognize that additional federal credits, in amounts derived by increasing eligible basis by 130 percent, are awarded to projects in HCAs, and thereby reduce the need for state credits. Once the HCAs were identified, it was noted that a significant portion of the state was deemed an HCA. In response, the legislature enacted Chapter 1485, Statutes of 1990 (AB 374), allowing state credit allocations in HCAs, but only if the federal credit is not increased above 100 percent of eligible basis. The state credit and the federal credit may be used together up to an amount that does not exceed the amount of federal credit that would be available after increasing eligible basis to 130 percent.

APPENDIX 3 (continued)

The Qualified Allocation Plan (QAP)

State allocating agencies must each design and implement a Qualified Allocation Plan ('QAP") that establishes priorities for allocating the credit based on state and local needs. Section 42 requires allocating agencies to hold public hearings to consider public input on the QAP.

Federal law defines a QAP as a document which:

- Sets forth selection criteria to be used to determine housing priorities of the housing credit agency that are appropriate to local conditions;
- Gives preference in allocating housing credit dollar amounts among selected projects to (a) projects serving the lowest income tenants, and (b) projects obligated to serve qualified tenants for the longest period; and,
- Provides a procedure that the agency will follow in monitoring projects for noncompliance according to the provisions of IRC Section 42 and in notifying the IRS of such noncompliance.

Section 42 also requires that the QAP include the following selection Criteria:

- Project location
- Housing needs characteristics
- Project characteristics sponsor characteristics
- Participation of local tax-exempt organizations
- Tenant populations with special housing needs
- Public housing waiting lists

Title 4, Chapter 17 of the California Code of Regulations (Regulations) also sets forth the policies and procedures governing the Committee's management of the Credit Program. In 1996, the Committee revised the Regulations to incorporate the QAP by reference.

Threshold Criteria

State law and the Committee's Regulations require that projects meet certain readiness criteria at the time an application is filed. If these are not met, an application is rejected. These criteria effectively dissuade applicants from applying too soon before they are ready to build their project. Federal law imposes unforgiving deadlines both for allocating agencies and project sponsors to meet. Failure to meet these deadlines jeopardizes the Committee's ability to allocate all credits and could cause sponsors to lose credits.

Threshold criteria require that the applicant show the following:

- The type of housing proposed is needed and affordable to the targeted population within the community in which it is to be located;
- Enforceable financing commitments of at least 50% of the total estimated financing need;
- Control of the site;

- Compliance with all applicable local land use and zoning ordinances;

APPENDIX 3 (continued)

- Development team experience and financial capacity to ensure project completion and operation for the extended use period;
- Financial viability throughout the compliance period of the project;
- Minimum construction standards;
- All deferred-payment financing, grants, and subsidies be “committed” at application;
- And with the exception of tax-exempt bond projects, project size is limited to no more than 200 units for non-rural set-aside applications, and 80 units for rural set-aside applications.

In addition, targeted projects must meet additional threshold requirements as applicable to the targeted population. These additional threshold requirements can be found in the Regulations.

Application Cycles and TCAC Review Process

State law requires the Committee to hold two or more application cycles each year, unless circumstances warrant a reduction in the number of cycles. The first cycle is generally held in the first few months of the year, with a second cycle following 'in the late spring.

Application Process

TCAC has prepared an application package that is intended to assist applicants to present clearly the characteristics of their project. Staff reviews the application to determine the reasonableness of project costs, the maximum allowable tax credit allocation, and the amount of credit needed for financial feasibility. The application review process generally takes about sixty days to complete.

Stages of Tax Credit Reservation

Federal law has stringent requirements for making allocations and placing projects in service. A slip in timing could cause the state to lose credits and not be able to access unused credits from other states. It is for this reason that the Committee has established progress requirements that ensure California is in compliance with federal law.

(1) Preliminary Reservation - Generally, when applications are submitted to TCAC, projects are not yet ready to begin construction and the applicant seeks a Preliminary Reservation. An applicant has 270 days from the date of reservation to meet all milestones for a Final Reservation and to commence construction.

(2) Final Reservation - Project sponsors receive a Final Reservation when all conditions of the Preliminary Reservation have been met. The construction loan must be funded, permanent financing and any other financing required to complete the project must be committed, and a partnership agreement must be executed. A second feasibility analysis is completed. This reservation is in effect during the project's construction period.

(3) Carryover Allocation - An applicant may obtain a Carryover Allocation prior to or after a Final Reservation, depending upon the time constraints imposed by federal law. Currently, federal law requires that a Carryover Allocation be obtained if a project will not be placed-in-service in the same year the project receives a reservation. To qualify for a Carryover Allocation, an applicant must incur more than 10% of the project's anticipated basis upon completion by December 31st of the year of the Carryover Allocation. TCAC generally imposes an earlier deadline and requires applicants to purchase the land or execute a land lease. A financial feasibility analysis will also be performed before the allocation is made. Once a Carryover Allocation is made, project owners have until the end of the second calendar year after the year in which the Carryover Allocation is made to place the project in service.

(4) Issuance of Tax Forms - This is accomplished when conditions of the Final Reservation have been met and the project is placed in service. TCAC issues IRS Form 8609 (and the state Form FTB 3521A, if applicable) after performing a final feasibility and cost reasonableness analysis to determine the requisite amount of tax credits needed. The final analysis is based on an audited cost certification prepared by the owner's accountant. One tax form will be issued for each residential building in a project.

Before the tax forms are issued, the applicant must enter into a regulatory agreement with TCAC. This agreement is recorded against the land and holds the project owner to the specifications and characteristics of the project on which the tax credit reservation was awarded (rent and income restrictions, selection criteria, preference points and other requirements).

Compliance Monitoring

The Committee administers a compliance-monitoring program involving all projects with an allocation of federal or state credits. Projects are monitored according to the requirements of Section 42, IRS regulations, and the terms of the regulatory agreement entered into between the owner and the Committee.

Farmworker Housing Assistance Program

Recognizing the urgent housing need for agricultural workers, the legislature enacted the Farmworker Housing Assistance Program (FHAP). Health and Safety Code Section 50199.5 1, Revenue and Taxation Code Sections 17053.14, 23608.2 and 23608.3, authorize the program. TCAC is currently authorized to allocate tax credit under the FHAP in the amount of $500,000 annually.

The FHAP provides owners who rehabilitate existing, or construct new, farmworker housing may receive a credit against their state income tax in an amount equaling 50% of the costs of rehabilitation or construction. The program also provides a credit to Lenders providing below market-interest rate loans to finance the construction or rehabilitation of farmworker housing. Banks or financial corporations are eligible for a tax credit in an amount equal to 50% of the difference between the market-rate interest income and the amount of interest charged for the farmworker housing project at a reduced interest rate.

APPENDIX 3 (continued)

In order to obtain the credit, owners and lenders must submit an application to TCAC, prior to the payment or incurrence of costs or funding of the loan that provides information regarding the proposed project. Such information will include, but not be limited to:

- project ownership structure;
- project location;
- project sources and uses;
- project operating income and expenses;
- financing information and loan amortization schedules.

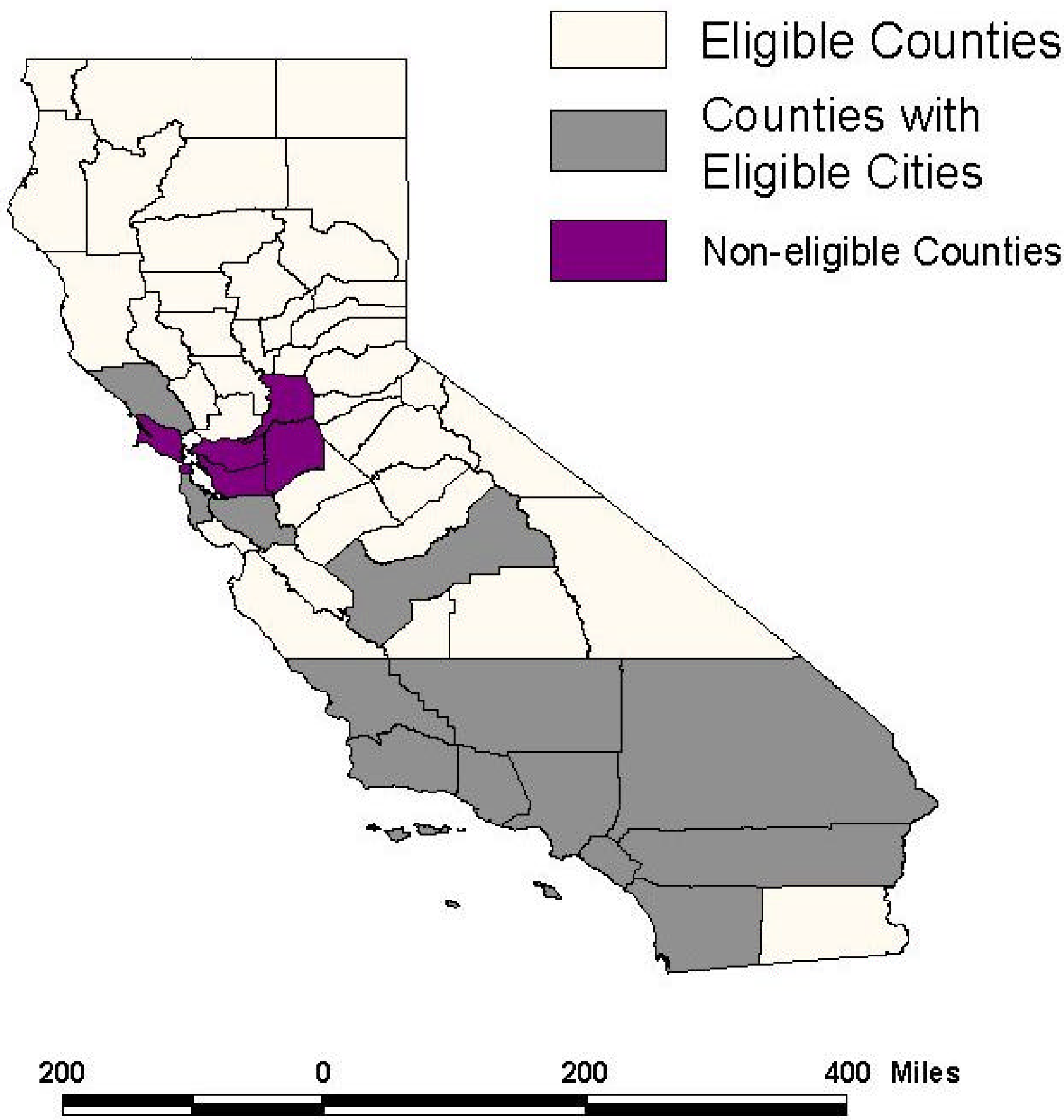
Eligible types of housing include multi-family dwellings, single-family dwellings, mobile homes, or prefabricated housing. The owner of the farmworker housing project need not employ Farmworkers. Family projects, where all units are two-bedroom or larger will receive preference under the program. Occupants of the housing assisted by the FHAP must be farmworkers.

TCAC evaluates and ranks applications according to criteria set forth in its regulations. Criteria by which applications will be ranked include: readiness as determined by the amount of financing committed; and cost efficiency as determined by the total project cost per square foot. The amount of equity contributed in relation to the amount of credit requested will serve to break any tie between equally ranked projects.

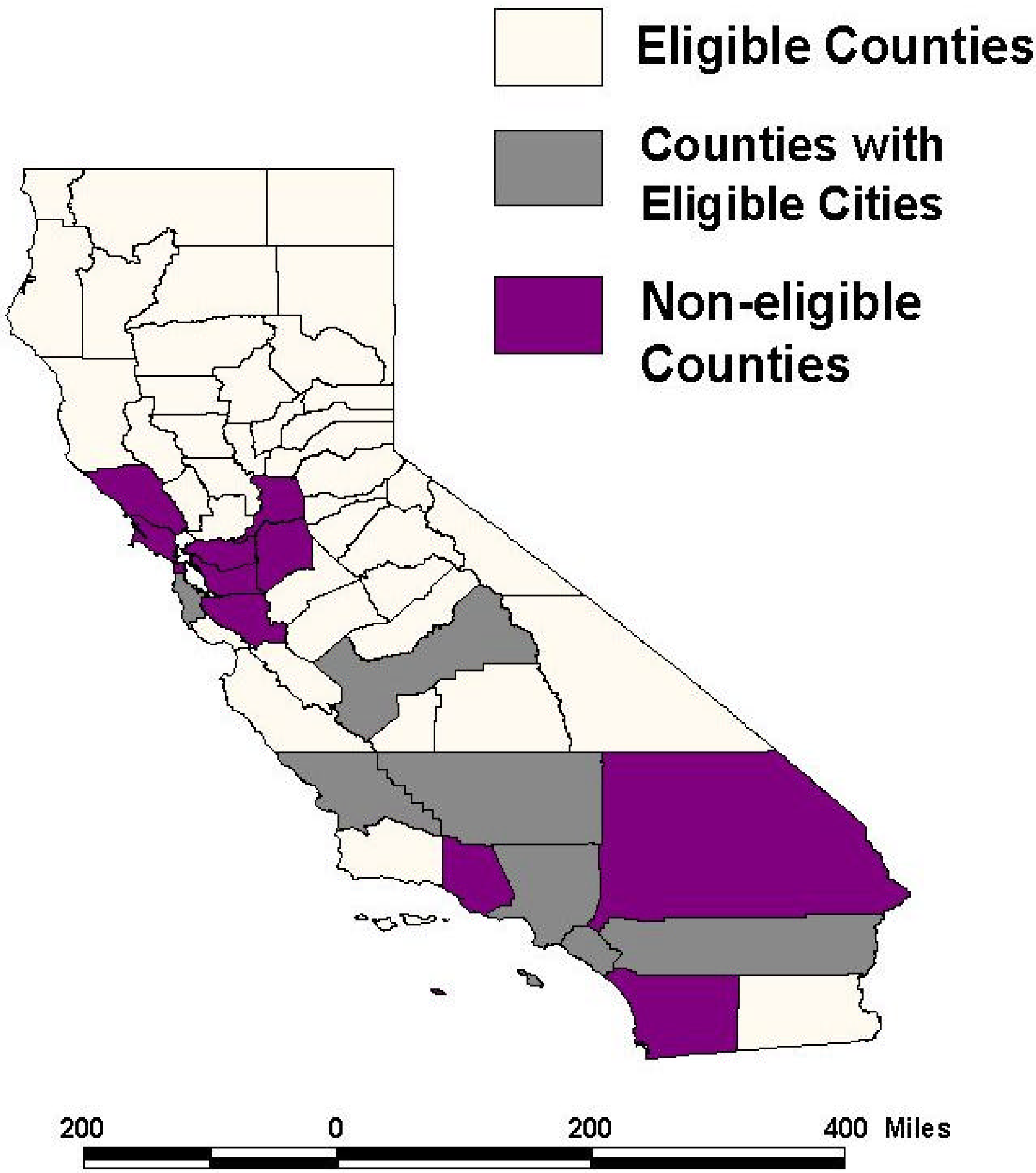
Owners and lenders will be allowed tax credit in an amount determined by TCAC based on certified costs once the project is placed-in-service. TCAC will issue TCAC form 353113, certification of credit. Owners may apply the credit against the current year's tax liability. If the credit received by the owner exceeds the owner's liability, the excess credit may be carried over and used in subsequent years. Credit received by lenders will be allowed in equal installments over a 10-year period. If the credit exceeds the liability, the excess may not be carried over into future years.

Farmworker housing owners receiving an allocation must agree to enter into an agreement with TCAC, which provides that the housing produced under the program, will be maintained as farmworker housing for a period of 30 years.

State Eligible HOME Counties and Counties with Eligible Cities



State eligible CDBG Counties and Counties containing eligible Cities



APPENDIX 4

Map of California delineating the eligible CDBG and HOME jurisdictions (to be added later)

APPENDIX 5
STATE CDBG PROGRAMS

(Note: Eligibility is subject to HUD confirmation of eligibility at the actual beginning of the year.)

STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Eligible Jurisdictions
Program Year 2000-01
(as of March 2000)

Note:
1. Counties whose names are typed in *italics* are entitlement jurisdictions and are not eligible for the State CDBG Program.
2. The cities listed in those counties are eligible for the State CDBG Program. This is not an official eligibility list. HUD makes all final decisions on the eligibility of a jurisdiction to participate in the CDBG program as an entitlement or nonentitlement jurisdiction. Several changes in eligibility status are currently pending.
3. All jurisdictions eligible for the State CDBG are also eligible to apply for funds under the general state-administered HOME program except for members of Home consortia. Except for Santa Barbara Home Consortium members Carpinteria and Guadalupe, none of the State CDBG eligible jurisdictions receive HOME funds directly from HUD.

Jurisdictions Eligible for State CDBG Program

Jurisdiction

Alpine County

Amador County
Amador City
Ione
Jackson
Plymouth
Sutter Creek

Butte County
Biggs
Gridley
Oroville

Calaveras County
Angels Camp

Colusa County
Colusa
Williams

Del Norte County
Crescent City

El Dorado County
Placerville
South Lake Tahoe

Fresno County
Fowler
Huron
Mendota
San Joaquin
Orange Cove

Glenn County
Orland
Willows

Jurisdiction

Humboldt County
Arcata
Blue Lake
Eureka
Ferndale
Fortuna
Rio Dell
Trindad

Imperial County
Brawley
Calexico
Calipatria
El Centro
Holtville
Imperial
Westmorland

Inyo County
Bishop

Kern County
Maricopa
Ridgecrest
Taft
Wasco
Delano

Kings County
Avenal
Corcoran
Hanford
Lemoore

Lake County
Clearlake
Lakeport

Lassen County
Susanville

Jurisdiction

Los Angeles County
Avalon
Bradbury
Calabasas
Hermosa Beach
Hidden Hills
Industry
Palos Verdes Estates
Vernon

Madera County
Chowchilla

Mariposa County

Mendocino County
Fort Bragg
Point Arena
Ukiah
Willits

Merced County
Atwater
Dos Palos
Gustine
Livingston
Los Banos

Modoc County
Alturas

Mono County
Mammoth Lakes

Monterey County
Carmel
Del Rey Oaks
Gonzales
Greenfield
King City
Waterford
Marina
Pacific Grove
Soledad

Jurisdictions Eligible for State CDBG Program (continued)

Jurisdiction

Napa County
American Canyon
Calistoga
St. Helena
Yountville

Nevada County
Grass Valley
Nevada City
Truckee

Orange County
San Juan Capistrano

Placer County
Auburn
Colfax
Lincoln
Loomis
Rocklin

Plumas County
Portola

Riverside County
Canyon Lake
Coachella
Indian Wells
Rancho Mirage

San Benito County
Hollister
San Juan Bautista

San Luis Obispo County
Arroyo Grande
Morro Bay
Pismo Beach

San Mateo County
Atherton

Jurisdiction

Santa Barbara County
Buellton
Carpinteria
Guadelupe
Solvang

Santa Cruz County
Capitola
Scotts Valley

Shasta County
Anderson
Shasta Lake

Sierra County
Loyalton

Siskiyou County
Dorris
Dunsmuir
Etna
Fort Jones
Montague
Mount Shasta
Tulelake
Weed
Yreka

Solano County
Benicia
Dixon
Rio Vista
Suisan City

Stanislaus County
Ceres
Hughson
Newman
Oakdale
Patterson
Riverbank

Jurisdiction

Sutter County
Live Oak

Tehama County
Corning
Red Bluff
Tehama

Trinity County

Tulare County
Dinuba
Exeter
Farmerville
Lindsay
Woodlake

Tuolumne County
Sonora

Yolo County
West Sacramento
Winters

Yuba County
Marysville
Wheatland

APPENDIX 6
STATE-ADMINISTERED HOME PROGRAM

Eligible Jurisdictions
Program Year 2000-01

(As of March 2000)

Note:

1. All State CDBG eligible jurisdictions are also eligible to apply for all available funds under the state-administered HOME program unless they are members of a HOME consortium. Except for some members of the Santa Barbara HOME Consortium, none of the State CDBG eligible jurisdictions receive HOME funds directly from HUD. See the preceding pages for a list of State CDBG eligible jurisdictions. They are not repeated in this list.
2. Counties whose names are typed in *italics* are HOME participating jurisdictions that are directly funded by HUD and are not eligible for the state's general HOME Program. The cities listed in those counties are eligible for the state's HOME Program.
3. This is not an official eligibility list. HUD makes all final decisions on the eligibility of a jurisdiction to be a "participating jurisdiction" in the HOME program.

HOME Program Eligible Jurisdictions

Jurisdictions

Alpine County
- Alpine County

Amador County
- Amador County
- City of Amador
- Ione
- Jackson
- Plymouth
- Sutter Creek

Butte County
- Butte County
- Biggs
- Gridley
- Oroville
- Paradise

Calaveras County
- Calaveras County
- Angels Camp

Colusa County
- Colusa County
- City of Colusa
- Williams

Del Norte County
- Del Norte County
- Crescent City

El Dorado County
- El Dorado County
- Placerville
- South Lake Tahoe

Fresno County
- Fowler
- Huron
- Mendota
- San Joaquin

Glenn County
- Glenn County
- Orland

Jurisdictions

Humboldt County
- Humboldt County
- Arcata
- Blue Lake
- Eureka
- Ferndale
- Fortuna
- Rio Dell
- Trinidad

Imperial County
- Imperial County
- Brawley
- Calexico
- Calipatria
- El Centro
- Holtville
- Imperial City
- Westmorland

Inyo County
- Inyo County
- Bishop

Kern County
- Taft

Kings County
- Kings County
- Avenal
- Corcoran
- Hanford
- Lemoore

Lake County
- Lake County
- Clearlake
- Lakeport

Lassen County
- Lassen County
- Susanville

Jurisdictions

Los Angeles County
- Avalon
- Bradbury
- Carson
- Cerritos
- Gardena
- Hermosa Beach
- Hidden Hills
- Industry
- Lakewood
- Lancaster
- Palmdale
- Palos Verdes Estates
- Pico Rivera
- Redondo Beach
- Santa Clarita
- Torrance*
- Vernon
- West Covina

Madera County
- Madera County
- Chowchilla
- City of Madera

Mariposa County
- Mariposa County

Mendocino County
- Mendocino County
- Fort Bragg
- Point Arena
- Ukiah
- Willits

Merced County
- Merced County
- Atwater
- Dos Palos
- Gustine
- Livingston
- Los Banos

Modoc County
- Modoc County

Willows Alturas

Jurisdictions

Mono County
Mono County
Mammoth Lake

Monterey County
Monterey County
Carmel
Del Rey Oaks
Gonzales
Greenfield
King City
Marina
City of Monterey
Pacific Grove
Sand City
Seaside
Soledad

Napa County
Napa County
American Canyon
Calistoga
City of Napa
St. Helena
Yountville

Nevada County
Nevada County
Grass Valley
Nevada City
Truckee

Orange County
Buena Park
Fountain Valley
Irvine
La Habra
Lake Forest
Mission Viejo
Newport Beach
Tustin
Yorba Linda

Jurisdictions

Placer County
Placer County
Auburn
Colfax
Lincoln
Loomis
Rocklin
Roseville

Plumas County
Plumas County
Portola

Riverside County
Coachella
Corona
Hemet
Indian Wells
Palm Springs
Rancho Mirage

San Benito County
San Benito County
Hollister
San Juan Bautista

San Bernardino County
Apple Valley
Hesperia
Upland

San Diego County
La Mesa

San Luis Obispo County
Arroyo Grande
Morro Bay
Pismo Beach

San Mateo County
Atherton

Jurisdictions

Santa Barbara County
Buelton
Solvang

Santa Clara County
Gilroy
Palo Alto

Santa Cruz County
Santa Cruz County
Capitola
Scotts Valley
Watsonville

Shasta County
Shasta County
Anderson
Redding
Shasta Lake

Sierra County
Sierra County
Loyalton

Siskiyou County
Siskiyou County
Dorris
Dunsmuir
Etna
Fort Jones
Montague
Mt. Shasta
Tulelake
Weed
Yreka

Solano County
Solano County
Benicia
Dixon
Fairfield
Rio Vista
Suisun City
Vacaville

HOME Program Eligible Jurisdictions (continued)

Jurisdictions

Stanislaus County
Stanislaus County
Ceres
Hughson
Newman
Oakdale
Patterson
Riverbank
Waterford

Sonoma County
Petaluma

Sutter County
Sutter County
Live Oak

Tehama County
Tehama County
Corning
Red Bluff
Tehama

Trinity County
Trinity County

Tulare County
Tulare County
Dinuba
Exeter
Farmersville
Lindsay
Porterville
Tulare City
Woodlake

Tuolumne County
Tuolumne County
Sonora

Ventura County
Camarillo
Simi Valley
Thousand Oaks

Yolo County
Yolo County
West Sacramento
Woodland
Winters

Yuba County
Yuba County
Marysville
Wheatland

APPENDIX 7
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Method of Fund Distribution

The Department makes HOME funding available on a competitive basis in accordance with the State regulations, issuing a Notice of Funds Availability (NOFA) for specified recipients to conduct the following activities:

a) New Construction of rental or first-time homebuyer housing;
b) Acquisition of rental or first-time homebuyer units;
c) Rehabilitation of rental or owner-occupied units;
d) Acquisitions with Rehabilitation of first-time homebuyer or rental housing,
e) Tenant-based Rental Assistance (TBRA).

HOME funds may also be used by Community Housing Development Organizations (CHDOs) for Predevelopment Loans. Predevelopment Loans may be used to provide technical assistance, site control, and pre-construction financing to CHDOs in the early stages of site development and up to construction. All costs must be related to a specific HOME-eligible project or projects. The amount available for Predevelopment Loans is limited to ten percent of the amount available to the CHDO.

Local HOME programs are not considered for funding unless the application demonstrates eligibility and the following:

a. The applicant proposes at least one eligible activity (other than administration) and use of HOME funds
b. The application is complete;
c. The total amount of funds requested does not exceed $1 million, or the amount specified in the NOFA;
d. The application demonstrates sufficient matching funds;
e. The State Recipient has a housing element that has been found to be in substantial compliance with State Housing Element Law; and
f. Project applications demonstrate site control and have the appropriate zoning and general plan designation for the project.

Applications will be divided into project applications and program applications, then rated and ranked. Evaluation criteria are summarized below.

<u>Criterion</u>

1. Performance in prior implementation of HOME.
   Prior experience in administering a program with similar activities.
   Prior experience of the individual or individuals or entities responsible for carrying out the activities. (300 points)

2. Need based on poverty level and overpayment for housing by low-income households. (200 points)

3. Feasibility- (400 points)

   a) Project feasibility: readiness of the project; fiscal integrity; gap analysis; percentage of non-HOME funds that have been committed; and status of local approvals.
   b) Program feasibility: extent to which the program meets a demonstrated community need and demonstrated market for the proposed activity, and extent to which the program is ready to be implemented.
   c) Leverage – (100 points)

4. Adding State Objectives (Proposed in Regulation changes) (proposed 50 points)

5. Rural application (change is proposed in Regulation changes to eliminate rural points). Currently 100 points is allocated to applications which serve rural areas.

Funding decisions will be made as follows:

HCD will set the allocation for projects and for programs based on demand as expressed in the pool of applications for projects versus programs, but in no case will either allocation receive less the 35 percent of the total funding available for activities. The projects and programs will be rated and ranked and funded separately based on a review of all of the activities for which funds are requested in an application. Applications will be funded in the order in which they are ranked with the higher point score funded first. Those applications that are to be funded to meet the 15 percent CHDO setaside shall be funded first based on their scores. Once the setaside has been achieved, all remaining applications will be funded based on their scores relative to all other applications.

In the case of a tied score, the application demonstrating the highest poverty level will be selected first.

The Director of HCD will make final funding decisions. The decision of the Director shall be final, and no appeal or request for modification or reconsideration will be entertained.

APPENDIX 8

HOPWA PROGRAM: SUMMARY OF METHOD FOR DISTRIBUTION OF FUNDS

Non-Competitive Funds: The Office of AIDS (OA) allocates HOPWA funds annually on a non-competitive basis to HIV Care Consortia in eligible designated counties throughout the state. (See attached table, HOPWA Program Eligible Counties) Each Consortium receives a formula allocation of HOPWA funds annually and typically these funds have been used for emergency rental assistance and supportive services. The OA determines formula allocations based on the number of persons living with AIDS (PLWA) "case index," as reported by the county health departments to the State AIDS Case Registry effective December 31 of the prior year.

Competitive Funds: There is an unmet need for long-term housing for people living with AIDS. In an effort to address this need, the OA has revised the method by which the HOPWA Program is administered. Numerous issues were considered, particularly those affecting the rural areas of the state, and the result has been the development of a feasible approach to administering HOPWA that will promote the development of housing while remaining equitable to all eligible areas of the state. The approach will also encourage the creation of collaborative efforts between HIV Care Consortia; AIDS service organizations and housing agencies, which is essential to the development of quality projects.

It was determined that counties containing higher reported cases of AIDS typically had a higher need as well as the capacity and resources required to develop housing. Therefore, the OA retains 10 percent of the funds allocated to the consortias located in those counties containing 100+ reported cases of AIDS. There HOPWA funds earmarked for development-related activities in an effort to promote the development of permanent, affordable rental housing for people living with AIDS.

These counties will be eligible to apply annually for additional HOPWA and State funds through a competitive Request for Application process. These funds will only be available for projects being developed to provide permanent housing for people living with AIDS in the designated jurisdictions. (See attached table, HOPWA Program Eligible Counties.)

Applications for these competitive funds will be reviewed, rated and ranked by the OA review committee. The rating criteria include the following categories: applicant capability; project feasibility; leveraging; need; timeliness; and adequacy of supportive services plan.

Community Input: The OA values the community input process in determining need for housing and other services at the statewide level as well as the local level. The California HIV Planning Group, a statewide body of policy makers, consumers, public health officials and other interested parties, provides advisory recommendations to the OA. Additionally, HIV Care Consortia have been instrumental in providing input regarding the specific needs of persons with HIV/AIDS at the county level.

APPENDIX 8 (continued)

The following HOPWA activities are eligible for funding:

Direct Housing Services	**Description of Eligible Activities**
Short term rent, mortgage, and utility payments	This assistance must alleviate or prevent homelessness of the tenant or mortgagor of a dwelling. Assistance can include: • motel/hotel vouchers • payment of utilities • payment of rent • payment of mortgage to prevent homelessness
Rental Assistance	• Project-based rental assistance (Rental subsidies that are provided to residents of certain units within a specific building. When the residents move, the rental subsidy remains with the unit to be used by the next eligible client.) • Tenant-based rental assistance (Rental subsidies that are provided to the residents to be used in any eligible unit chosen by the client. If the client moves, the rental subsidy remains with the client to be used in another eligible unit.) • Shared housing arrangements (may be used when two or more people are sharing a home) • Security deposit assistance
Resource Identification	• Activities specific to identifying housing resources. Does not include housing referral services. • Assistance in establishing, coordinating and/or developing housing assistance resources for eligible persons. • Hiring staff or consultants to develop housing finance package for a specific housing project • Conducting preliminary research • Determining feasibility of specific housing-related initiatives • Market studies
HIV/AIDS Facility Operating Costs	This activity pertains to all costs associated with the ongoing operations of a housing project that targets PLWA. **This includes <u>licensed</u> and <u>unlicensed</u> HIV/AIDS <u>facilities</u>.** Such costs include: • Security • Furnishings • Operational costs (staff, etc.) • Equipment • Insurance • Supplies and Materials • Utilities • Maintenance
Capital Development Costs	This category includes acquisition of a building or site, new construction, rehabilitation, conversion, lease and repair of facilities to provide housing for persons living with HIV/AIDS. Activities include, but are not limited to, the following: • Land acquisition • Acquisition: single family units, apartments, duplexes, single room occupancy hotels, condominiums • Rehabilitation: 1) Minor or major repairs of building or unit 2) Conversion of non-residential building to a residential • New Construction: Costs associated with the construction of single room occupancy dwellings and community residences only
Technical Assistance	These costs must pertain to the establishment and operations of a community residence. • Planning costs • Community outreach and educational activities regarding AIDS or related diseases for persons residing in proximity to the proposed residence. • Development of long term planning documents

Direct Housing Services	**Description of Eligible Activities**
	• Development of AIDS housing needs assessment

Other Housing Services	**Description of Eligible Activities**
Supportive Services **(25% limitation on allocation)**	• Health services, mental health services, assessments • Permanent housing placement • Drug and alcohol abuse treatment and counseling • Day care • Intensive care when required • Benefits counseling related to health benefits, nutritional services, personal assistance • Food • Transportation • Homemaker services • Case Management
Housing Information Services	• Housing Counseling • Information Services • Referral services to assist an eligible person to locate, acquire, finance, and / or maintain housing. • Fair Housing counseling for people who have encountered discrimination on the basis of race, religion, sex, age, national origin, familial status, or handicap.
Activity Delivery Costs (not Administrative Costs) 10% limit on each Housing Services category allocation	All costs incurred and directly related to carrying out eligible activities and/or services: • Travel costs • Staff / personnel costs and fringe benefits • Overhead costs directly related to delivery of services (postage, office rent, office supplies, etc.)

Fiscal Agent Expenses

Fiscal Agent Expenses	**Description of Eligible Activities**
Administrative **(7% limitation on allocation)**	• General management of the HOPWA grant • Oversight • Coordination of HOPWA activities • Evaluation • Reporting activities • Audit costs

APPENDIX 8 (continued)

HOPWA PROGRAM ELIGIBLE COUNTIES

Counties of the State of California that do not receive a direct HOPWA allocation from HUD are eligible to apply for HOPWA funding through the Office of AIDS. The 44 counties eligible for Office of AIDS HOPWA funds are listed below.

Amador County	Napa County
Alpine County	Nevada County
Butte County	Plumas County
Calaveras County	San Benito County
Colusa County	San Joaquin County*
Del Norte County	San Luis Obispo County*
Fresno County*	Santa Barbara County*
Glenn County	Santa Cruz County*
Humboldt County	Shasta County
Imperial County	Sierra County
Inyo County	Siskiyou County
Kern County*	Solano County*
Kings County	Sonoma County*
Lake County	Stanislaus County*
Lassen County	Sutter County
Madera County	Tehama County
Mariposa County	Trinity County
Mendocino County	Tulare County
Merced County	Tuolumne County
Modoc County	Ventura County*
Mono County	Yolo County
Monterey County*	Yuba County

*Eleven counties are eligible to receive additional HOPWA funding to develop opportunities for long-term affordable housing for PLWA. These counties are eligible to apply for funding through the Office of AIDS' HOPWA Development Fund. Ten percent of the FY 2000-2001 HOPWA allocation for these eleven counties has been redirected to this fund. HOPWA Development Funds, combined with other State and federal funds, will be made available on a competitive basis through a Request for Applications for HOPWA-eligible projects located in the eleven counties.

APPENDIX 9

State CDBG Programs

Method of Funds Distribution

Attachment 1
General Allocation
Application Evaluation Criteria

The maximum number of points assigned to each of the main categories of criteria as follows weighs the evaluation criteria:

Poverty Index	-	100 points
Benefit to the Targeted Income Group		300 points
Need for CDBG Assistance	-	200 points
Prior CDBG Performance	-	150 points
Capacity to Administer the CDBG Program		150 points
Leverage of Local and Private Resources		50 points
State Objectives	-	50 points
		1,000 points

The weighing of the evaluation criteria and their use in a way that compares applications to one another is consistent with the State objectives of funding applications that provide the greatest portion of funds to benefit the Targeted Income Group, address the most serious community development needs, and demonstrate effective strategies and sound management as follows:

1. Poverty Index (Maximum 100 Points)

   The Department will compare applicant jurisdictions on the basis of the percentage of the population with incomes below the poverty level as provided in the latest decennial census. The Department will assign 100 points to the application serving the area with the highest poverty percentage. The other applicants will be rank ordered based on the extent of their poverty in relation to poverty to the highest poverty level. Applicants who elect to target their local program to fewer census tracts or enumeration districts than there are in their jurisdictions shall receive scores based on either those targeted census subdivisions or all the census subdivisions in the jurisdiction, whichever results in a higher point score. The Department obtains this data from the State Census Data Center.

2. Benefit to Targeted Income Group (Maximum 300 points)

   A formula has been developed to measure the comparative extent of benefit to the Targeted Income Group of each applicant's program based on documented information provided by the applicant. The formula works as follows:

Activities proposed for funding are allocated points based on the percentage of beneficiaries who earn 80 percent or less of the county's median income, adjusted by household size (targeted income group or TIG).

State regulations specify that applicants receive 0 points for activities achieving a 50 percent TIG benefit. Points are achieved for each percentage of benefit above the minimum 51 percent benefit; for each percentage of benefit above the minimum, the proposal received 6.12 points. For example, an application with a 52 percent benefit would score 6.12 points; an application with 71 percent benefit would score 122 points (71 minus 51, times 6.12). An application with 100 percent benefit would score 300 points.

For applications that propose more than one activity, the Department will weigh each activity according to the requested funding amount. If 50 percent of the program activity funds requested in an application totaling $200,000 are for a housing rehabilitation activity that provides 100 percent benefit to Targeted Income Group households and the remaining 50 percent of the funds requested is for an activity that provides only 30 percent benefit to the targeted income group, the point score for this benefit category would be computed as follows:

Activity A - $100,000 provides 100% benefit, and
Activity B - $100,000 provides 30% benefit.

The total funds benefiting Targeted Income Group households are:

$100,000 for Activity A
30,000 for Activity B
$130,000

The percent of the total program activity funds that benefit the targeted income group is:

$130,000 divided by $200,000 or 65%.

The point score computation for benefit is: 65% minus 51%, times 6.12 equals 85.6 points.

If as an alternative, a program activity is added to the housing rehabilitation activity that provides 80 percent benefit to the Targeted Income Group, the point score would increase significantly from 85.6 to 238.7 points. For example:

Activity A - $100,000 provides 100% benefit
Activity B - $100,000 provides 80% benefit

The total funds benefiting Targeted Income Group households are:

$100,000 for Activity A
80,000 for Activity B
$180,000

The percent of the total program activity funds that benefit the Targeted Income Group (TIG) is:

$180,000 / $200,000 or 90%.

The point score computation for benefit is: 90% minus 51%, times 6.12 equals 238.7 points for this category of the rating system.

NOTE: HCD suggests that applicants concentrate their efforts on activities providing substantial benefit to the TIG that also remedy serious, documented problems.

3. Need for CDBG Assistance (200 points)

Points are assigned based on the application's documented relative community need, by type of activity, for the proposed program and the extent to which the proposed activity will address the identified need. HCD will evaluate need based upon which of five activity types is being proposed. The five activity types and criteria to be used are as follows:

a. Housing New Construction: The need for CDBG assistance will be based upon jurisdiction-wide data including incidence of overpayment, incidence of overcrowding, residential vacancy rates, project demand, need based on Council of Government (COG) regional share data and other relevant data.

b. Housing Acquisition: Need will be based upon jurisdiction-wide data including incidence of overpayment, incidence of overcrowding, rental vacancy rate or homeownership rate, and other relevant data.

c. Housing Rehabilitation: Need will be determined by jurisdiction-wide housing stock condition as described in the local general plan's housing element, census data describing overcrowding and age of housing stock within the relevant area, and other relevant data.

d. Public Works: Need will be based upon documented health and safety problems being addressed, as well as the extent to which the proposed project solves the problem.

e. Community Facilities and Public Services: Need will be assessed based upon the severity of the problems being addressed and the extent to which the project meets the need.

4. Prior CDBG Performance (150 points)

HCD will assign scores based upon the timeliness of expenditures of CDBG funds on general allocation grants funded in the previous three years. HCD will also consider any unresolved monitoring findings, unresolved audit findings, timely close-out submittals, and timely reporting (annual GPR, cash requests, and quarterly reports). Jurisdictions without grants in the last three years will receive full performance points.

5. Capacity to Administer the CDBG Program (150 points)

Jurisdictions receiving general allocation grants in any of the previous three years will receive full capacity points. Lacking that experience, applicants will be evaluated upon submitted tasks, duty statements, and resumes of local staff. Jurisdictions lacking local staff capacity may demonstrate capacity by including a letter of interest from a professional contracted consultant.

6. Other Funding (50 points)

HCD will assign a score based upon a comparison, among applications. of private funding committed to the proposed project. HCD will compare like activities against one another in deriving a score. For example, housing new construction projects will be compared against one another for private leveraging scoring.

HCD will also compare applicants on the extent to which they bring local resources to bear on the proposed project. Cash and in-kind contributions will be compared based upon similarity in sales and use tax revenue bases. In this way, more affluent jurisdictions will not compete directly with more revenue-impacted communities on this scoring criterion. Applicants will also be compared against one another based upon the provision of any regulatory relief in conjunction with the proposed project.

Other State and federal funding brought into the project will not garner a competitive advantage.

7. State Objectives (50 points)

The State objectives in 2000/2001 funding will be evaluated after the 1999/2000 funding cycle. Current year State objectives are as follows:

a. **Infrastructure Proposals**--Up to 25 points awarded for public works and new construction projects providing public infrastructure in support of housing.
b. **Welfare-to-Work Proposals**--Up to 25 points for proposals which facilitate the welfare-to-work transition for CalWORKs recipients;
c. **Farmworker Housing/Health Services –** up to 25 points for proposals which facilitate the construction of permanent housing for farmworkers or proposals which facilitate the provision of health services in combinations with migrant or

permanent farmworker housing.

d. **Capacity Building—**25 points for jurisdictions that applied in the previous year and were not funded or 35 points to applicants who applied at least two times in the last four years and who were not funded in the General Allocation in the last four years.

For the 2000/2001 funding year State objectives, the Department will look at the applications received and funded in 1999/2000 to evaluate the effectiveness of the State objectives.

Attachment 2
Native American Allocation
Application Evaluation Criteria

One and one-quarter percent (1.25%) of the total State CDBG allocation has been allocated for the benefit of Native American Indians not recognized as Indian tribes under the federal Housing and Community Development Act of 1974, as amended (the Act). Eligible jurisdictions may apply for all or part of the allocation for any one or a combination of the eligible activities.

The funding cycle, time frames, and evaluation criteria for submitting applications and HCD's review are the same as for the General Allocation. However, the Native American Allocation does have some unique characteristics regarding the eligibility of geographic areas.

a. Eligibility

Allocated funds may only be used in identifiable geographic areas: (1) comprised of at least 51 percent Native American Indians not recognized as Indian tribes under the Act, and (2) located within a city or county eligible to apply for State CDBG funding. For the purposes of this Program, identifiable geographic areas are defined by locally accepted social, historical, physical, political, or past programmatic boundaries. A terminated rancheria on which at least 51 percent Native American Indians continue to reside is one example of an eligible area.

Although applications for funding from the Native American Allocation may not be submitted for federally recognized rancherias and tribes, State CDBG eligible cities and counties are encouraged to include federally recognized rancherias and tribes with community development needs in their applications for General and Economic Development Allocation funds or Planning/Technical Assistance Grant Allocation funds.

In addition to providing assistance to an area that has at least 51 percent Native American Indians, the applicant must ensure that at least 51 percent benefit is provided to Targeted Income Group persons.

The following terminated rancherias are eligible for the Native American Allocation:

Nevada County:	Nevada City
Plumas County:	Taylorsville
Siskiyou County:	Ruffeys
Yolo County:	Cache Creek

The following areas have never been federally recognized but are areas primarily occupied by Native Americans and are eligible for the Native American Allocation:

American Indian Council of Mariposa Co.
Antelope Valley Paiute Tribe
Big Meadows Lodge Tribe
Calaveras County Band of Miwok
Carmel Mission Band
Chuckchansi Tribe
Coastal Band of Chumash Indians
Dunlap Band of Mono Indians
Hayfork Band of Norelmuk
Honey Lake Maidu (Lassen Co)
Independence 14 (Miranda Alltmnt-Kern Co)
Indian Canyon Costoanoan Tribe
Lower Lake Koi Nation (Lake County)
Maidu Nation
Mono Lake Indian Community
North Fork Band of Mono Indians
Northern Maidu Tribe
Plumas County Indians, Inc.
Salinan Nation (Monterey County)
Shasta Nation
South Fork Hupa
Todds Valley Miwok-Maidu (Placer Co)
Tolowa Nation
United Maidu Nation
Wintu Indians
Winnemem Band of Wintun
Wintoon Indians of Redding
Wintu Indians of Central Valley
Wintu Indian Nation
Wukchamni Tribe
Yokayo Tribe

Cities and counties are encouraged to apply to the Native American Allocation on behalf of the residents of areas primarily occupied by Native Americans. Should any jurisdiction have any questions regarding the eligibility of a particular area, it should contact the State CDBG office for assistance early in the application process.

b. Application Process

It is important that meetings be initiated as early as possible between the appropriate city and/or county officials and the representatives of the Native American community to assess interest and to determine the most serious needs.

<u>Any application prepared for the Native American Allocation may be in addition to the eligible city or county's application for other State CDBG funds</u>. The rating and ranking of an application for the Native American Allocation funds is separate from any other application submitted by the applicant for State CDBG funds. The application will be evaluated against other applications submitted for the Native American Allocation and must be in the form outlined in Section 7070 of the State CDBG regulations. If an insufficient number of acceptable applications are received, unused funds will be awarded to the highest ranked unfunded applications submitted under the General Allocation. Cities and counties are encouraged to use the State CDBG program to improve Native American Indian communities within their jurisdictions. As discussed above, in many instances this will require identifying concentrations of non-federally recognized Native American Indians in each jurisdiction.

c. Program Design

HCD utilizes the same application evaluation criteria when reviewing applications for the Native American Allocation as is used when rating applications for the General Allocation; therefore, the elements for a successful program are the same as those for the General Allocation. When preparing the application, refer to the General Allocation section of this chapter for further guidance concerning program design.

d. Evaluation Criteria

Each application will be rated based on how well it addresses identified housing, public facilities, economic development, or other needs. Refer to the General Allocation section of this chapter for further guidance concerning evaluation criteria.

Attachment 3
Planning and Technical Assistance Allocation
Application Evaluation Criteria

APPLICATION EVALUATION CRITERIA

Applications will be reviewed based on the following criteria. Those applications not meeting the minimum threshold will not be considered for funding. In the event an application does not meet the minimum threshold criteria, the applicant will be notified in writing of this determination.

<u>Threshold Criteria</u>

1. For General Allocation Planning and Technical Assistance (P/TA) activities, the funding request must be for eligible activities and must comply with Health and Safety Code 50827, which requires that all funds must principally benefit low- and moderate-income persons. For Economic Development P/TA applications, the request must be for eligible activities and must meet one of the three national objectives as described in Health and Safety Code 50832. These objectives are: benefiting low- and moderate-income persons; preventing or eliminating slums and blight; and meeting urgent needs.

2. The proposed activity must be CDBG-eligible. Applicants are encouraged to contact their community development representative prior to submitting the application to confirm the eligibility of proposed activities.

3. The applicant must document the amount of cash match contribution in a certified Resolution adopted by the governing body of the eligible jurisdiction.

4. All required forms must be complete.

5. If funds are being requested to provide assistance to an <u>identified business</u>, the activity is considered to be technical assistance and the applicant must include in the application a letter from the benefiting business in which the business makes a <u>conditional commitment</u> to proceed with its plans to relocate, expand, pursue a loan etc., if the technical assistance document shows that the action appears feasible. The letter also must include an explanation of why the identified business is <u>unable to pay</u> for the cost of the CDBG funded technical assistance proposed in the application. The Department will review the letter provided by the business to determine that the proposed assistance is necessary and that it is appropriate.

Attachment 4
Economic Development Allocation
California Community Economic Enterprise Fund
Application Evaluation Criteria

Evaluation Criteria

HCD uses a 100-point scoring system for scoring California Economic Enterprise Fund (Enterprise Fund) applications in accordance with Section 7062.1 of State regulations. The scoring factors will be weighted as follows:

<u>Need for Program (30 Points)</u>

a. <u>Poverty Index (Maximum 15 Points)</u>

HCD is considering revising this factor so that applicant jurisdictions are compared both on the basis of the percentage of the population with incomes below the poverty level as well as the actual numbers of persons in poverty, as provided in the latest decennial census. Currently, HCD assigns 15 points to the application serving the area with the highest poverty percentage. The other applicants are rank-ordered based on the extent of their poverty in relation to poverty to the highest poverty level. The same method of ranking would apply except that the points would be divided between the two measurements. Applicants who elect to target their local program to fewer census tracts or enumeration districts than there are in their jurisdictions could still receive scores based on either those targeted census subdivisions or all the census subdivisions in the jurisdiction, whichever results in a higher point score. HCD obtains this data from the State Census Data Center.

b. <u>Relative Unemployment Rate (Maximum 10 Points)</u>

This factor will compare applicant jurisdictions unemployment statistics and assign points relative to the highest rate within the applicant pool.

c. <u>Adverse Economic Event (Maximum 5 Points)</u>

HCD will evaluate third source documentation of any adverse economic events that have occurred in the past 24 months causing sudden and severe economic dislocation or distress. Those applicant jurisdictions experiencing such an event will receive some or all of the available points under this factor.

Local Program Capacity (50 Points)

a. Performance on Past CDBG Economic Development Grants (20 Points)

HCD will evaluate performance on past ED grants including rate of expenditure of funds, timeliness of reporting, compliance with CDBG eligibility, national objective and overlay requirements, and resolving monitoring and audit findings.

b. Relative Strength of Basic Program Design (10 Points)

HCD will comparatively evaluate the thoroughness and effectiveness of proposed program design and program guidelines, and will assign points relative to the strongest applicant design and guidelines.

c. Relative Experience of Program Operators (10 Points)

HCD will comparatively evaluate and score applicants' experience with CDBG and other relevant activities.

d. Other Local Organizational Support (10 Points)

Applications demonstrating interest or commitments from qualified, experienced operators and other local resources will receive a competitive advantage in this scoring category.

Program Effectiveness (20 Points)

a. Commitment of Other (non-state, non-federal) Funding Sources (10 Points)

Amount and level of commitment of other private and local funding sources will be competitively evaluated and scored under this factor.

b. Extent to Which Program Complements Local or Regional Economic Development Plan (10 Points)

HCD will evaluate the extent to which the proposed activity builds upon a local economic development plan that brings various local resources to bear on the success of the program.

Attachment 5
Economic Development Allocation
Over-the-Counter (OTC) Mechanism
Application Evaluation Criteria

Introduction and Overview

For the Over-the-Counter program, the review factors consist of: the public benefit standards and underwriting guidelines specified at 24CFR Section 570.482(F) and at Appendix A to 24CFR Part 570, plus state criteria that further evaluate project feasibility and project conformity to State objectives.

Applications for the Economic Development Allocation OTC funding component are reviewed for completeness. Complete applications are evaluated using the following criteria:

a. Percent of county-wide unemployment relative to the statewide and national averages. A maximum of twenty-five points.
b. Ratio of CDBG funds per job. A maximum of fifteen points.
c. Ratio of private funds to CDBG funds. A maximum of fifteen points.
d. Quality of applicant's past performance for CDBG ED contracts. A maximum of 15 pts.
e. Percent of funds allocated to applicant's general administrative costs. A maximum of 10 pts

Applications, which have received 50 or more points under the above criteria, are reviewed for funding under the federal CDBG public benefit and underwriting guidelines, plus the following factors:

a. The extent of the applicant's need for CDBG funds, given the local economic development need;
b. market feasibility of the proposed activities,
c. the feasibility of the proposed activities, under local and other regulatory requirements;
d. the financial feasibility of the proposed activities,
e. the capacity of the applicant and its borrower, subcontractors or subrecipients to manage the proposed activities,
f. the appropriateness of the terms proposed by the applicant,
g. the ownership or control of any real estate needed for the proposed activities,
h. the extent to which the proposed activities involve intrastate relocation of jobs or business, and,
i. the extent of recruitment, training and promotional opportunities for targeted income groups.

Attachment 6
Colonias Allocation
Application Evaluation Criteria

Applications will be reviewed based on the following criteria. Those applications not meeting the minimum threshold will not be considered for funding. In the event an application does not meet the minimum threshold criteria, the applicant will be notified in writing of this determination. In the event funds requested exceed the funds available, applications will be evaluated using the scoring factors contained in Section 7078. The Department will then fund down the ranked list of applicants to the extent that it has funds available within the Colonias setaside.

<u>Threshold Criteria</u>

1. The funding request must be for eligible activities and comply with Health and Safety Code 50827, which requires that all funds used through the State's program must principally benefit Targeted Income Group persons.

2. The proposed activity must be CDBG-eligible as well as designed to serve a Colonia under the provisions of Section 916 of the National Affordable Housing Act of 1990. Applicants are encouraged to contact their community development representative prior to submitting the application to confirm the eligibility of proposed activities.

3. Each application must be postmarked on or before the application due date. Any application postmarked after the due date will be returned to the jurisdiction without review or comment.

4. All required forms must be complete.

APPENDIX 10

ESG ELIGIBLE GRANTEES

ESG PROGRAM ELIGIBLE COUNTIES

Shelter eligibility is based on the physical location of the shelter, not on the clients served. All counties listed on this page ARE ELIGIBLE, including the cities within these counties and the non-profit shelters located in the city and/or county.

Amador County
Alpine County
Butte County
Calaveras County
Colusa County
Del Norte County
El Dorado County
Glenn County
Humboldt County
Imperial County
Inyo County
Kings County
Lake County
Lassen County
Madera County
Marin County
Mariposa County
Mendocino County
Merced County
Modoc County
Mono County
Napa County
Nevada County
Placer County
Plumas County
San Benito County
Santa Barbara County
Santa Cruz County
Shasta County
Sierra County
Siskiyou County
Solano County
Sutter County
Tehama County
Trinity County
Tulare County
Tuolumne County
Yolo County
Yuba County

SPECIAL CASES

All cities are eligible except those listed below.

- Alameda County — Berkeley and Oakland
- Monterey County — Salinas
- Stanislaus County — Modesto

APPENDIX 10 (continued)

ESG ELIGIBLE CITIES LOCATED IN NON ELIGIBLE COUNTIES

Shelters are eligible ONLY if they are physically located in the city limits of one of the following incorporated cities.

CONTRA COSTA Antioch Concord Pittsburg Richmond Walnut Creek **FRESNO** Fowler Huron Mendota San Joaquin **KERN** Taft Maricopa Ridgecrest Wasco **LOS ANGELES** Alhambra Avalon Baldwin Park Bellflower Burbank Carson Cerritos Downey Gardena Glendora Hawthorne Hidden Hills Industry Lakewood Lancaster Lynwood Montebello Monterey Park Norwalk Palmdale Palos Verdes Estates Paramount City Pico Rivera Redondo Beach Rosemead Santa Monica Santa Clarita Torrance West Covina Whittier Vernon	**ORANGE** Buena Park Costa Mesa Fountain Valley Fullerton Huntington Beach Irvine La Habra Laguna Niguel Lake Forest Mission Viejo Newport Beach Orange City San Juan Capistrano Tustin Westminster Yorba Linda **RIVERSIDE** Canyon Lake Coachella Corona Hemet Indian Wells Moreno Valley Palm Springs Rancho Mirage **SAN BERNARDINO** Apple Valley Chino Fontana Hesperia Rancho Cucamonga Redlands Rialto Upland Victorville **SAN LUIS OBISPO** Arroyo Grande Morro Bay **SAN MATEO** Atherton Daly City Redwood City San Mateo city So. San Francisco	**SANTA CLARA** Milpitas Mountain View Palo Alto Santa Clara city Sunnyvale **SAN DIEGO** Carslbad Chula Vista El Cajon Encintas Escondido La Mesa National City Oceanside Santee Vista **SONOMA** Petaluma Santa Rosa **VENTURA** Camarillo San Buenaventura Simi Valley Thousand Oaks

APPENDIX 11

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF COMMUNITY AFFAIRS

LOAN AND GRANT PROGRAMS
Including the federal programs

Acquisition and Rehabilitation

A component of the Multifamily Housing Program

Purpose:	Acquisition and rehabilitation of existing affordable rental housing. Priority is given to projects currently subject to regulatory restrictions that may be terminated.
Assistance Type:	Construction and permanent loans
Terms:	Low interest loans with 55-year terms and partial repayment deferrals. "Affordable rents" are to be consistent with rents imposed by the Low Income Housing Tax Credit Program.
Eligible Activities:	Multifamily housing rehabilitation, acquisition, or acquisition and rehabilitation. Normal project development costs are eligible, plus operating subsides for extremely low-income residents.
Eligible Applicants:	Local government agencies, and private nonprofit and for-profit organizations.
Application Process:	Competitive. A Notice of Funding Availability (NOFA) solicits applications.
Contact:	Anne Gilroy, 916-327-2886 or agilroy@hcd.ca.gov.

California Indian Assistance Program (CIAP)

Purpose:	Assist tribal organizations to plan for, obtain and administer housing, infrastructure, community and economic development funds provided by federal and state agencies.
Assistance Type:	Staff technical assistance is provided to help tribes obtain and manage funds from other agencies. Planning and technical assistance grants are provided subject to fund availability.
Terms:	Technical assistance is provided at no cost to recipients. Terms of grants are set by rules of the funding program or agency.
Eligible Activities:	Technical assistance can be for planning and preparation of grant applications for housing rehabilitation and construction, economic development, community facility development, environmental protection, etc. State-funded grants in FY 1998/99 (total $200,000) funded preparation of Indian housing plans (IHPs).
Eligible Applicants:	Tribal governments and Native American communities
Application Process:	Technical assistance may be requested by letter. Applications for funding are invited by Notices of Funding Availability (NOFAs), when funds become available to CIAP.
Contact:	Bill Bruguier, 916-327-3633, bbruguier@hcd.ca.gov

California Self-Help Housing Program (CSHHP)

Purpose:	Assist low and moderate income families to build and rehabilitate their own homes with their own labor.
Assistance Type:	Grants to sponsor organizations that provide technical assistance to owner-builder families
Terms:	Grants (In the past this program also made deferred-payment mortgage assistance loans to low income owner-builders; this is why loan service phone numbers are given below.)
Eligible Activities:	Training and supervision of low and moderate income self-help home-builders or repairers
Eligible Applicants:	Local government agencies and nonprofit corporations
Application Process:	A Notice of Funding Availability (NOFA) solicits applications as funds become available. Projects are evaluated, ranked and funded in relation to criteria in the NOFA.
Contact:	New applications: 916-445-0877; agilroy@hcd.ca.gov Management of existing loans: 916-324-8654 Fiscal service on existing loans: 916-327-3717

Child Care Facilities Finance Program (CCFFP)

Purpose:	Provide loan guarantees and direct loans for the development and/or expansion of child care facilities, child development facilities, and family childcare homes.
Assistance Type:	Guarantees of private sector loans; direct loans
Terms:	Guarantees cover up to 80 percent of private loans. Guarantees and direct loans have maximum 20-year terms. Below-market interest rate is available on direct loans. Loans and guarantees must be secured. At least 30 percent of loans and 30 percent of guarantees must be used to support childcare facilities in rural areas (any county with less than 400 residents per square mile).
Eligible Activities:	Guarantees: private loans for the purchase, development, construction, expansion or improvement of licensed childcare and child development facilities. Direct loans: purchase, development, construction, expansion or improvement of licensed child-care and child development facilities. Loans and guarantees may be used for repairs and renovations to maintain or obtain a license to operate a family child care home for more than 6 children. Direct loans may not be used to purchase homes.
Eligible Applicants:	Sole proprietorships, partnerships, proprietary and nonprofit corporations, and local public agencies that provide licensed child care and/or child development services.
Application Process:	Applications are invited by Notices of Funding Availability (NOFAs). Applications are made to California Small Business Financial Development Corporations.
Contact:	Jeanne Monahan, 916-327-3626, jmonahan@hcd.ca.gov

Community Development Block Grant Program (CDBG)

Purpose: Provide federal CDBG community development grants to non-entitlement cites and counties. There are currently five major program components:

CDBG General, Native American and Colonias Allocations: The General allocation is the largest single program component. 1¡ percent of state CDBG funds are awarded to projects serving Native Americans who do not belong to a federally recognized Indian tribe or rancheria. Five percent is awarded to non-entitlement California communities ("colonias") located with 150 miles of the California/Mexico border.

CDBG Economic Development Allocation, Over-the-Counter Component: Thirty percent of the overall HUD allocation to HCD is set aside for creation and preservation of jobs for low and very-low income persons.

CDBG Economic Development Enterprise Fund: An annually announced percentage of the Economic Development Allocation is awarded to capitalize local business revolving loan funds, that may be loaned as working capital or provide infrastructure assistance to businesses that create private-sector jobs for low and very-low income persons.

CDBG Planning and Technical Assistance Grants: Ten percent of overall funds are set aside for local planning and evaluation studies related to housing, publicworks, community development and economic development.

CDBG Disaster Response Initiative (DRI): HCD is currently administering grants made from the third round of this short-term program to help presidential-declared disaster areas recover from recent floods and freezes.

Assistance Type: Grants

Terms: At least 51 percent of state CDBG funds must be used for housing. At least 51 percent of households benefiting from each grant must be lower income.
Maximum grant amount for most components is $500,000 per year.
Planning and TA grants: maximum of $70,000 per year

Eligible Activities: Housing rehabilitation; acquisition; new construction; infrastructure; community facilities; economic development; planning studies; public services

Eligible Activities: Housing rehabilitation; infrastructure; community facilities; economic development; planning studies; public services

Eligible Applicants: Approximately 180 non-entitlement small cities and rural counties that do not receive CDBG funds directly from the federal Department of Housing and Urban

Development (HUD); non-recognized Indian tribes and rancherias

Application Process: Applications are invited by Notices of Funding Availability (NOFAs) as federal funds become available.

Contact: Economic Development: John Turner, 916-327-2130, jturner@hcd.ca.gov
General: Lisa Phillips, 916-327-3615, lphillips@hcd.ca.gov

Emergency Housing Assistance Program (EHAP)

Purpose: Fund emergency shelters and services for homeless individuals and families.

Assistance Type: Grants

Terms: Each county receives a grant allocation. Twenty percent of the total allocation is available to non-urban counties.

Eligible Activities: Rehabilitation, renovation, expansion of existing facilities, site acquisition (including lease or purchase of existing facilities), equipment purchase, vouchers, operational costs, direct and indirect client services, and administration of the award (limited to 5 percent).

Eligible Applicants: Local government agencies and nonprofit corporations that shelter the homeless on an emergency basis, and provide support services.

Application Process: Applications are invited through Notices of Funding Availability (NOFAs). In some counties, Designated Local Boards (DLBs) rank and recommend applications for EHAP funding, and distribute funds. Where no DLB exists, applications are submitted directly to HCD/EHAP. Check with EHAP staff to determine where applications should be sent.

Contact: Carl Baskin, 916-327-3749, cbaskin@hcd.ca.gov

Farmworker Housing Grant Program (FWHG)

Purpose: Provide owner-occupied and rental units for low-income agricultural workers.

Assistance Type and Terms: Grants to assist development of various types of housing projects for agricultural worker households. A match of 100 percent is required.

Homeowner Grants: For rehabilitation or new home construction: Lien restrictions are required for twenty years. If the unit is sold before completing the tenth year, the full grant amount must be repaid. Between the 11th and 21st anniversaries, the grant is forgiven at a rate of 10 percent per completed year; it is fully forgiven after completing 20 years.

Rental Construction Grants: Lien restrictions for assisted units are required for 40 years. If assisted units are sold before the 40th year, the grant must be repaid in full.

Rental Rehabilitation Grants: Lien restrictions for assisted units are required for 20 years. If assisted units are sold before the 20th year the grant must be repaid in full.

Eligible Activities:	Any construction related costs in the development of homeowner or rental housing for agricultural workers, including land acquisition, site development , construction, and rehabilitation. FWHG funds may also be used for mortgage write-downs.
Eligible Applicants:	Local government agencies, nonprofit corporations, and federally recognized Indian tribes. Eligible beneficiaries of the grants are households with at least one member employed in or retired from agricultural employment.
Application Procedures:	Applications are received and reviewed on a continuous basis, in response to a Request for Proposal (RFP), or in response to a Notice of Funding Availability (NOFA).
Authority:	Health & Safety Code Section 50517.5, Statutes of 1977, Chapter 927.
Contact:	Program Administration: (916) 324-8654 Grant Service: (916) 327-3717

Federal Emergency Shelter Grant Program (FESG)

Purpose:	Fund emergency shelters, services and transitional housing for homeless individuals and families.
Assistance Type:	Grants
Terms:	HCD distributes federal FESG grant funds to shelter providers.
Eligible Activities:	Facility conversion, rehabilitation, maintenance, operating costs, rent and essential services such as transportation, legal aid and counseling, to accelerate transition to independent living.
Eligible Applicants:	Local government agencies and nonprofit organizations in small communities that do not receive FESG funds directly from the U.S. Department of Housing and Urban Development (HUD).
Application Process	Applications are solicited by Requests for Proposals (RFPs) when HUD allocates funds to the state.
Contact:	Ken Peterson, 916-322-4534, or kpeterson@hcd.ca.gov

HOME Investment Partnerships Program (HOME)

Purpose:	Assist cities, counties and nonprofit community housing development organizations (CHDOs) to create and retain affordable housing.
Assistance Type:	Grants to cities and counties; loans to CHDOs.
Terms:	A 25 percent match is required for all awards, unless waived because of a natural disaster. Maximum grant amounts, $1 million for rental projects (construction) and programs (acquisition), $750,000 for homeownership projects, $500,000 for homeownership programs, $250,000 for rent assistance. With exceptions, most assistance to projects is in the form of loans by city and county recipients to project developers, to be repaid to local HOME accounts for reuse. Repayment of loans to CHDOs is deferred; term is 30 years or more; interest rate is 3 percent per annum. A minimum of 15 percent of total funds are set aside for CHDOs.
Eligible Activities:	Housing new construction, acquisition and rehabilitation; tenant-based rent assistance; loan guarantees; predevelopment loans by CHDOs
Eligible Applicants:	Cities and counties which have not been designated as HOME Participating Jurisdictions (PJs) by the federal Department of Housing and Urban Development (HUD); current state-certified nonprofit CHDOs
Application Process:	Notice of Funding Availability (NOFA) solicits applications.
Contact:	Pam Graybill, 916-327-3610 or pgraybil@hcd.ca.gov

Housing Assistance Program (HAP)

Purpose:	Provide federal Section 8 rent assistance in 12 rural counties without housing authorities, to fund affordable rental housing for extremely-low and very-low income households.
Assistance Type:	Rent assistance
Terms:	HCD contracts with local nonprofit sponsor agencies to administer federal Section 8 grants for housing rent assistance to extremely-low and very-low income households. Very-low income means not over 50 percent of area median income, adjusted for family size. Extremely-low income means not over 30 percent of area median income, adjusted for family size.
Eligible	Monthly rent assistance payments to landlords.

Activities:

Eligible Applicants: Eligible very-low and extremely-low income households living in the 12 rural counties served by the program. Household annual income cannot exceed the applicable income limit for the county. The applicant must furnish evidence of citizenship or eligible immigrant status.

Application Process: Eligible families and individuals apply to local subcontracting sponsor agencies for rental assistance when the sponsor agency's waiting list is open. Applications may be suspended when a sponsor agency's waiting list exceeds one year.

Contact: Dorothy Clobes, 916-327-2834, dclobes@hcd.ca.gov

Mobilehome Park Resident Ownership Program (MPROP)

Purpose: Provide loans for the preservation of affordable mobilehome parks by conversion from private ownership to ownership or control by resident organizations, nonprofit housing sponsors, or local public agencies.

Assistance Type: Loans

Terms: Three percent simple annual interest short-term loans for up to 3 years for mobilehome park ownership conversion costs;
Up to 30-year, 3 percent simple annual interest loans for park purchase by resident organizations, nonprofits or local public agencies, or for financing (through a resident organization, nonprofit or local public agency) of purchase by residents of shares or spaces in a converted park. Payments can be deferred or adjusted if necessary to make the purchase feasible.

Eligible Activities: Purchase of a mobilehome park by a resident organization, nonprofit entity or local public agency; purchase by a low-income resident of a share or space in a park converted to resident ownership or ownership by a nonprofit sponsor or a local public agency.

Eligible Applicants: Mobilehome park resident organizations, nonprofit housing sponsors, local government agencies, and low-income residents of converted parks.

Application Process: Applications are invited by Requests for Proposals (RFPs). Projects are evaluated, ranked and funded according to criteria in the RFPs.

Contact: Russ Schmunk, 916-327-2867, rschmunk@hcd.ca.gov

Multifamily Housing Program (MHP)

Purpose: Assist the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households.

Assistance Type: Deferred payment loans

Terms: Loan term: Not less than 55 years, except rental code enforcement loans from public agencies to end recipients shall be for not less than 20 years.

Interest: 3% simple interest on unpaid principal balance. Principal and interest are due and payable upon completion of loan term. The department, for 10-year terms may extend loan terms and repayment dates if the assisted housing continues to comply with the loan regulatory agreement.

Eligible Activities: New construction, rehabilitation, or acquisition and rehabilitation of permanent or transitional rental housing, and the conversion of nonresidential structures to rental housing.

Eligible costs include the cost of child care, after-school care and social service facilities integrally linked to the assisted housing units; real property acquisition; refinancing to retain affordable rents; necessary onsite and offsite improvements; reasonable fees and consulting costs; and capitalized reserves.

Eligible Applicants: Local public entities, for-profit and nonprofit corporations, limited equity housing cooperatives, Indian reservations and rancherias, and limited partnerships in which an eligible applicant or an affiliate of the applicant is a general partner.

Application Process: Applications are solicited by a Notice of Funding Availability (NOFA)

Contact: Anne Gilroy, 916-327-2886 or agilroy@hcd.ca.gov.

Office of Migrant Services (OMS)

Purpose: Provide safe, decent and affordable seasonal rental housing and support services for migrant farmworker families during the peak harvest season.

Assistance Type: Grants to local government agencies to operate 26 OMS centers in communities throughout the state.

Grants and loans for construction and rebuilding of OMS centers.

Terms: Counties, housing authorities and grower associations typically provide the land for migrant centers as an in-kind contribution. HCD owns the structures.
HCD contracts annually with local operating agencies and provides grants for center operation.

Grants and loans for the construction or rebuilding of centers come from state

General Fund appropriations and USDA Rural Development Service (RD) awards.

Eligible Activities: Construction, rehabilitation, maintenance and operation of migrant rental housing centers.

Eligible Applicants: Agencies that already have migrant centers receive annual budget allotments to operate them. Health and Safety Code Section 50710 allows the Director of HCD to contract with school districts, housing authorities, health agencies and other appropriate local public and private nonprofit agencies for housing or shelter, day care services and other ancillary services necessary for migrant housing needs.

Application Process: Funds to operate and maintain existing centers are allocated to local operating agencies by annual contract. School districts, housing authorities, health agencies and other local public and private nonprofit agencies may apply for state-supported migrant housing either directly through HCD or through legislation.

Contact: Ken Crawford, 916-327-3943 or kcrawford@hcd.ca.gov

Rural Predevelopment Loan Program (PDLP-R)

Purpose: Provide predevelopment capital to finance the start of low-income housing projects in rural areas.

Assistance Type: Short-term loans

Terms: Applications accepted "over the counter" on a continuous basis as funds are available.
Seven percent simple annual interest loans for up to 3 years

Eligible Activities: Predevelopment costs include, but are not limited to, site control, engineering studies, architectural plans, application fees, legal services, permits, bonding and site preparation.

Eligible Applicants: Local government agencies and nonprofit organizations

Application Process: Applications are accepted and evaluated, and funds awarded, on a continuous basis as funds become available.

Contact: Anne Gilroy, 916-327-2886 or agilroy@hcd.ca.gov

Urban Predevelopment Loan Program: *Preservation and Acquisition*

Purpose:	Provide funds to pay the initial costs of preserving existing affordable housing developments for their existing tenants.
Assistance Type:	Short-term loans
Terms:	Loan term: one to three years. Interest rate: 3 percent per annum. Maximum aggregate loan amount for purposes other than acquiring options: $75,000. No more than 20 percent of total monies appropriated for this program (currently $1.4 million) may be committed to any single borrower at any time. HCD may forgive repayment of all or part of an outstanding loan balance if it determines the sponsor is unable to preserve and acquire the project. Priority will be given to applications with matching financing from local redevelopment agencies or federal programs.
Eligible Activities:	Capital assessments to establish a project's condition and potential rehabilitation costs; purchase option agreements; professional services such as consultant, architect, engineering and legal; permit and application fees; bonding fees; etc.
Eligible Applicants:	Local government agencies, nonprofit corporations, cooperative housing corporations, and limited partnerships where all general partners are nonprofit mutual or public benefit corporations.
Application Process:	Applications are accepted and loans are awarded on a continuous "over-the-counter" basis as funds become available.
Contact:	New loans: 916-445-0877; agilroy@hcd.ca.gov Fiscal service on existing loans: 916-327-3717